

## INDIANA

Virgil L. Stepler, Amboy, Ind., in place of M. A. Draper, transferred.  
John C. Cottrell, Shirley, Ind., in place of A. J. Anderson, resigned.  
Ruth N. Hearn, Whiteland, Ind., in place of E. E. Speas, resigned.

## IOWA

R. Franklin Bogenrief, Hinton, Iowa, in place of B. R. Bogenrief, removed.  
Anastasia E. Walsh, Larchwood, Iowa, in place of J. A. Phelan, transferred.

## KANSAS

E. Leon Morain, Minneola, Kans., in place of H. A. Morain, deceased.  
Ruth A. Coleman, Sharon, Kans., in place of F. A. Leith. Incumbent's commission expired July 30, 1941.

## KENTUCKY

Mollie H. Greene, Sandy Hook, Ky. Office became Presidential July 1, 1941.

## LOUISIANA

Elinor McK. Barbier, Greensburg, La., in place of L. D. Schilling. Incumbent's commission expired February 18, 1941.  
Caliste Alexis Duplantis, Houma, La., in place of C. A. Duplantis. Incumbent's commission expired July 27, 1941.  
James Bland Fain, Jonesboro, La., in place of F. E. Callaway. Incumbent's commission expired May 28, 1941.  
Dennis Gomez, Jr., Norco, La., in place of Dennis Gomez, Jr. Incumbent's commission expired March 16, 1941.

## MAINE

Joseph H. Vachon, Saco, Maine, in place of A. R. King, removed.

## MARYLAND

Lester C. Thompson, Stemmers Run, Md. Office became Presidential July 1, 1941.

## MASSACHUSETTS

W. Dana Holmes, Barnstable, Mass., in place of S. W. Bartlett, removed.

## MICHIGAN

Robert B. Fair, Beulah, Mich., in place of C. F. Eastman, transferred.  
Alden E. Derrie, Champion, Mich., in place of A. E. Derrie. Incumbent's commission expired August 23, 1941.  
Tella C. Hunter, Gagetown, Mich., in place of T. C. Hunter. Incumbent's commission expired June 18, 1941.

## MINNESOTA

Walter M. Brucher, Faribault, Minn., in place of John Kasper, deceased.

## MISSISSIPPI

Howard C. Overstreet, Brooklyn, Miss. Office became Presidential July 1, 1941.  
Mrs. Floyd J. Robinson, Raleigh, Miss. Office became Presidential July 1, 1941.  
Mary S. Farish, Whitfield, Miss., in place of M. S. Farish. Incumbent's commission expired August 21, 1941.

## MISSOURI

Edgar R. Schott, Benton, Mo., in place of R. G. Allen, deceased.  
Walter E. Pace, La Monte, Mo., in place of H. M. Price, deceased.

## MONTANA

David H. Andrew, Three Forks, Mont., in place of J. J. Price, removed.

## NEVADA

William Marl McGhie, Caliente, Nev., in place of J. L. Denton, retired.  
Edith Stone, McGill, Nev., in place of I. L. Stone, deceased.

## NEW HAMPSHIRE

Daniel H. Goodwin, Hollis, N. H. Office became Presidential July 1, 1941.

## NEW JERSEY

William H. Wichmann, Little Silver, N. J., in place of A. F. Schweers, removed.

Stanley L. Murberg, Norwood, N. J., Office became Presidential July 1, 1940.

## NEW YORK

Clayton F. Smith, Blue Mountain Lake, N. Y., in place of C. F. Smith. Incumbent's commission expired November 30, 1941.  
Oakley D. Robinson, Clinton Corners, N. Y., in place of Frank Brancato, resigned.  
Maude E. Rogers, Harpursville, N. Y., in place of C. W. Sampson, removed.  
Edna Agnes Connolly, Montrose, N. Y., in place of J. C. McManus, resigned.  
Theodore M. Stenner, Penfield, N. Y. Office became Presidential July 1, 1941.  
Thomas H. O'Hehir, Stat School, N. Y. Office became Presidential July 1, 1939.  
Charles J. Ryemiller, West Sand Lake, N. Y. Office became Presidential July 1, 1941.

## NORTH CAROLINA

Wilbur C. Ormond, Ayden, N. C., in place of R. L. Davis, transferred.  
Silas R. Nichols, Sparta, N. C., in place of G. G. Nichols, removed.

## NORTH DAKOTA

Ernest A. Lewis, Dawson, N. Dak., in place of Genevieve Gregor, deceased.  
Anders G. Hagburg, Gladstone, N. Dak., in place of A. G. Hagburg. Incumbent's commission expired July 28, 1941.  
Edward J. Donovan, Langdon, N. Dak., in place of R. T. Burke, deceased.  
Edith G. Tangen, Pekin, N. Dak., in place of B. M. Bureson, resigned.

## OHIO

Bernice E. Hannahs, Alexandria, Ohio, in place of H. M. Whitehead, retired.  
Robert J. Goggin, Ashtabula, Ohio, in place of J. M. McClure, deceased.  
Walter E. Waller, Cumberland, Ohio, in place of H. O. Ward, deceased.  
Eldon R. Martin, Cygnet, Ohio, in place of M. E. Dunn. Incumbent's commission expired April 25, 1940.  
Howard C. Huhn, Hamden, Ohio, in place of H. C. Huhn. Incumbent's commission expired November 27, 1941.  
Kathryn M. Diederich, North Ridgeville, Ohio, in place of R. M. Leary. Incumbent's commission expired August 23, 1941.  
Grace L. Skidmore, West Mansfield, Ohio, in place of H. D. Hufford, resigned.

## OKLAHOMA

Albert A. Stebbins, Garber, Okla., in place of F. N. Jones, removed.  
Bessie F. Pryor, Olustee, Okla., in place of J. L. Pryor, deceased.

## OREGON

George A. Hart, Vale, Oreg., in place of C. W. Feghtly, removed.  
Henry W. Goff, Waldport, Oreg., in place of W. A. Parsons, resigned.

## PENNSYLVANIA

Mary E. Honsberger, Eagleville, Pa. Office became Presidential July 1, 1941.  
Norman B. Gregory, East Stroudsburg, Pa., in place of N. B. Gregory. Incumbent's commission expired May 27, 1940.  
Fred H. Filbert, Holmes, Pa. Office became Presidential July 1, 1941.  
Anna C. DeHart, Ivyland, Pa. Office became Presidential July 1, 1941.  
Lenus I. Wertz, Landisburg, Pa. Office became Presidential July 1, 1941.  
Joseph A. Zalot, Langhorne, Pa., in place of J. B. Candy, retired.  
Frank H. Zinke, Jr., Monaca, Pa., in place of G. E. Lay, deceased.  
Mabelle G. Green, Mountnhome, Pa., in place of M. G. Green. Incumbent's commission expired May 7, 1941.  
Harper Triplett, Schellsburg, Pa., in place of Harper Triplett. Incumbent's commission expired July 29, 1941.  
Homer F. Eshelman, Summerville, Pa., in place of H. F. Eshelman. Incumbent's commission expired March 13, 1941.

Bertha E. Weaver, Terre Hill, Pa. Office became Presidential July 1, 1941.  
Cora H. Stephens, White Mills, Pa. Office became Presidential April 1, 1941.

## PUERTO RICO

Concepcion Torrens de Arrillaga, Anasco, P. R. Office became Presidential July 1, 1941.

## RHODE ISLAND

Isabel T. Schofield, Fiskeville, R. I. Office became Presidential July 1, 1939.

## SOUTH CAROLINA

Wade Waddill, Holly Hill, S. C., in place of Rufus Ford, Jr., removed.

## TENNESSEE

Anna Schild Ellis, Watts Bar Dam, Tenn. Office became Presidential April 1, 1941.

## TEXAS

Geraldine Palmer, Groves, Tex., in place of Mabel Cheek, deceased.  
Harry E. Filleman, Hondo, Tex., in place of R. L. Brucks, resigned.

## VERMONT

Mildred A. Dailey, Hartford, Vt. Office became Presidential July 1, 1941.  
Catherine E. Sheehan, Richmond, Vt., in place of H. J. Sheehan, deceased.

## VIRGINIA

Martha P. Walker, Denbigh, Va. Office became Presidential July 1, 1941.

## WASHINGTON

Wilbur W. Washburn 3d, Neah Bay, Wash. Office became Presidential July 1, 1941.  
Jane W. Cody, Republic, Wash., in place of J. C. Cody, deceased.

## WISCONSIN

Clovis J. McGeehan, Ashland, Wis., in place of F. S. Dhooze, deceased.  
Gerald Scanlan, Fennimore, Wis., in place of L. J. Mulrooney, resigned.  
Fred J. Blumer, Monroe, Wis., in place of J. J. Burkhard. Incumbent's commission expired May 28, 1941.

## CONFIRMATIONS

Executive nominations confirmed by the Senate March 10 (legislative day of March 5), 1942:

## COLLECTOR OF CUSTOMS

Fountain Rothwell to be collector of customs for customs collection district No. 45, with headquarters at St. Louis, Mo.

## POSTMASTER

Caliste Alexis Duplantis, Houma, La.

## HOUSE OF REPRESENTATIVES

TUESDAY, MARCH 10, 1942

The House met at 12 o'clock noon.

The Chaplain, Rev. James Shera Montgomery D. D., offered the following prayer:

O Thou eternal God, who dost gather our fleeting moments into permanence with a sense that all is good, give us peace, we pray Thee. Through all of life's stern duties and perplexities, may we know that strength is born of struggle and courage is wrested from trial. Oh, teach us our Saviour's meaning when He said "I am among you as he that serveth." Plant deep within us the passion for a life of service; the art of living is to know how to give one's self.

Open the eyes of our citizens that they may understand that which hinders our further achievements; God grant that they may burst through every barrier.

We pray that every restless voice and every selfish will may be quieted and, whatever the work may be, let all be laid at the altar of our country as a tribute of our love and sacrifice that we may enjoy it without harm and hold it without wrong. Heavenly Father, we thank Thee that our past is both sacred and great; we humbly beseech Thee that our future, by the union of all sections and groups of our citizens, may leap forward so strong that we shall rise to those hills of national life where men live and work and not grow weary, wondering at freedom's inexhaustible fountain. In our Redeemer's name. Amen.

The Journal of the proceedings of yesterday was read and approved.

#### MESSAGE FROM THE SENATE

A message from the Senate, by Mr. Frazier, its legislative clerk, announced that the Senate had passed, without amendment a bill of the House of the following title:

H. R. 3798. An act to amend the act of August 5, 1939, entitled "An act to provide for the disposition of certain records of the United States Government."

The message also announced that the Senate had passed a bill of the following title, in which the concurrence of the House is requested:

S. 1773. An act to enable the United States Commission for the Celebration of the Two-Hundredth Anniversary of the Birth of Thomas Jefferson to carry out and give effect to certain approved plans.

#### EXTENSION OF REMARKS

Mr. RANKIN of Mississippi. Mr. Speaker, on yesterday I secured unanimous consent to insert in the RECORD a letter from Mr. Ransom Aldrich, of the Farm Bureau Federation of Mississippi, answering certain charges that had been made against his organization, and I find now it covers more than two pages of the RECORD. I have secured an estimate from the Public Printer of the cost, and including labor and everything, he estimates it will cost \$171, but, of course, that would include the labor and there will be no extra labor employed. As a matter of fact, it will cost only the value of the paper and ink used. So I ask unanimous consent to insert it in the RECORD.

Mr. RICH. Mr. Speaker, reserving the right to object, and I am not going to object, I will say to my friend from Mississippi, because I am only interested in trying to save just a few pennies—

Mr. RANKIN of Mississippi. I understand.

Mr. RICH. But I have come to the conclusion that when you save the pennies, eventually, they make a dollar. Then if you get up to the dollars, after a while you get a hundred.

Mr. RANKIN of Mississippi. That used to be the case.

Mr. RICH. We are going to have up this morning a bill to increase the debt limit by \$60,000,000,000 over what it is now. The fact is we have just been adding on a little bit here and there and if we do not change we are just going to put this country into bankruptcy. We ought to be careful about all these expenditures.

Mr. RANKIN of Mississippi. I am careful.

The SPEAKER. Is there objection to the request of the gentleman from Mississippi?

There was no objection.

#### COMMITTEE ON SMALL BUSINESS

Mr. PATMAN. Mr. Speaker, I ask unanimous consent to proceed for 1 minute and to revise and extend my remarks in the RECORD.

The SPEAKER. Is there objection to the request of the gentleman from Texas?

There was no objection.

[Mr. PATMAN addressed the House. His remarks appear in the Appendix.]

#### PERMISSION TO ADDRESS THE HOUSE

Mr. WILSON. Mr. Speaker, I ask unanimous consent to address the House for 1 minute, and to extend my remarks in the Appendix of the RECORD and to include therein an article appearing on the front page of the Evening Star and also of the Times-Herald.

The SPEAKER. Is there objection to the request of the gentleman from Indiana?

There was no objection.

[Mr. WILSON addressed the House. His remarks appear in the Appendix.]

#### EXTENSION OF REMARKS

Mr. PLUMLEY. Mr. Speaker, I ask unanimous consent to extend my remarks in the RECORD and to include an address delivered by the Honorable W. Arthur Simpson to the International Chamber of Commerce at Rock Island, Quebec, yesterday.

The SPEAKER. Is there objection to the request of the gentleman from Vermont?

There was no objection.

#### PERMISSION TO ADDRESS THE HOUSE

Mr. VAN ZANDT. Mr. Speaker, I ask unanimous consent to proceed for one-half minute.

The SPEAKER. Is there objection to the request of the gentleman from Pennsylvania?

There was no objection.

[Mr. VAN ZANDT addressed the House. His remarks appear in the Appendix.]

#### ECONOMY-MINDED STATESMEN

Mr. FADDIS. Mr. Speaker, I ask unanimous consent to proceed for 1 minute and extend my remarks in the RECORD.

The SPEAKER. Is there objection?

There was no objection.

Mr. FADDIS. Mr. Speaker, during her last weekly broadcast, Mrs. Roosevelt charged that the economy-minded Congressmen who now advocate reduction of the farm security appropriation "were economy minded in days gone by on preparation for our defense and have only become aware of the fact that we need war material in the last 3 months."

This is not the first time such a statement has come from that quarter. Just to keep the record straight, I arise to remark that this group of economy-minded statesmen are the very ones who "in the days gone by" led the fight for an adequate national defense. We plead for airplanes when others were calling for Arthurdals. We called for stock

piles of strategic materials necessary to our defense when others shouted for leaf piles necessary for boondoggling. We shouted for rearmament when others were shrieking for relief. We were balked when working for national security by a preferential program for social security.

Let it also be stated here for the purpose of the record that what little preparation we do have for the present emergency we do not owe to the National Youth Congress, Joseph Lash, David Lasser, or Aubrey Williams.

There seems to be an effort to drag a red herring across the trail of this matter of preparedness. Let those who are to do without tires, however, remember that legislation was passed authorizing a stock pile of rubber, but that the advice of the armchair strategist Harry Hopkins outweighed that of those in the Army and Navy entrusted with such matters and the money went for leaf-raking and boondoggling.

#### OFFICE OF GOVERNMENT REPORTS

Mr. SATTERFIELD. Mr. Speaker, I ask unanimous consent to proceed for 1 minute.

The SPEAKER. Is there objection?

There was no objection.

Mr. SATTERFIELD. Mr. Speaker, I have introduced this morning the following joint resolution, which I believe merits the early consideration of this House:

*Resolved*, That no money heretofore appropriated by the Congress shall be used for the acquisition, construction, and equipment of any building for the Office of Government Reports, unless the Congress specifically authorizes the use of such money for such purposes.

The plan of the Office of Government Reports to erect down on Pennsylvania Avenue a building—and a temporary building at that—to cost between a quarter and a half million dollars to house a new Bureau of Information is in my judgment in no way related to the war effort. We are stewards of the taxpayers' money. We administer a sacred trust for the armed forces of the country. I do not believe that such a bureau will make any contribution to the useful dissemination of information and besides there is a definite choice here as between information for visitors who come to Washington and the procurement of instruments of war. I choose tanks, planes, and ships and not information.

#### EXTENSION OF REMARKS

Mr. FORAND. Mr. Speaker, I ask unanimous consent to extend my remarks and include a short newspaper article.

The SPEAKER. Is there objection?

There was no objection.

Mr. BEITER. Mr. Speaker, I ask unanimous consent to extend my remarks in the RECORD and include therein a short article by Raymond Clapper on a post-war plan.

The SPEAKER. Is there objection?

There was no objection.

#### HARRY BRIDGES

Mr. LELAND M. FORD. Mr. Speaker, I ask unanimous consent to proceed for 1 minute.



The SPEAKER. Is there objection?  
There was no objection.

Mr. LELAND M. FORD. Mr. Speaker, I wish again to discuss the matter of a hearing on my Bridges resolution before the Rules Committee.

I always thought that the chairman of the committee was to preside over the committee, keep order, and let matters coming before the committee be decided by the committee. In this case, however, the only answer the chairman of the Rules Committee gives for not giving me a hearing is that I attacked him. Is asking for a hearing an attack?

Secondly, he says:

Unfortunately, he wants a committee appointed.

Again, this chairman says:

I feel that the passing of such measure would be held a bill of attainder.

Right here the chairman shows that he is judging for the committee in withholding this hearing on account of his own personal opinion.

I never asked for a hearing before the chairman only. I asked for a hearing before the full committee. In answer to the chairman, I will say that this is one of the most important things in this country today, and 98 percent of the people from my State are not going to be denied recognition in this Congress on account of any one man's opinion, nor should they.

#### THE PRICE OF SUGAR

Mr. VOORHIS of California. Mr. Speaker, I ask unanimous consent to proceed for 1 minute.

The SPEAKER. Is there objection?

There was no objection.

Mr. VOORHIS of California. Mr. Speaker, the problem of price control, as might have been expected, is turning out to have more to it than it appeared on the surface. The price of sugar is fixed by the Price Control Administration at wholesale at \$3.70 per 100 pounds. This, of course, holds down the price that the farmers receive and that the wholesalers receive, but if the consumers are charged 10 or 12 cents a pound, as in many cases they are, they are certainly not benefited. Indeed, it appears to me there is an actual encouragement to speculation and hoarding, unless something be done to prevent that situation. I protest the charge of such prices for retail sugar, and point out that something needs to be done on behalf of the consumers in connection with this matter, who, after all, are the main people sought to be protected by this legislation.

#### LEAVE TO ADDRESS THE HOUSE

Mr. ELIOT of Massachusetts. Mr. Speaker, I ask unanimous consent that at the conclusion of the legislative business today, and other special orders, I be permitted to address the House for 10 minutes.

The SPEAKER. Is there objection?  
There was no objection.

#### EXTENSION OF REMARKS

Mr. ELIOT of Massachusetts. Mr. Speaker, I ask unanimous consent to extend my remarks in the Appendix in two

places, and include some editorials in one place.

The SPEAKER. Is there objection?  
There was no objection.

#### THE DIES COMMITTEE

Mr. ELIOT of Massachusetts. Mr. Speaker, I ask unanimous consent to proceed for 1 minute.

The SPEAKER. Is there objection?  
There was no objection.

Mr. ELIOT of Massachusetts. Mr. Speaker, I have taken this time merely to say that yesterday I put into the RECORD four editorials from papers in widely varied sections of the country against the Dies committee. Today, under unanimous consent, I inserted in the RECORD editorials from the News and Observer, of Raleigh, N. C., the Journal, of Winston-Salem, N. C., the Register, of Des Moines, Iowa, the Journal of Atlanta, Ga., the Bulletin, of Philadelphia, and the Times, of Madison, Wis., all asking for a discontinuance of the Dies committee.

The SPEAKER. The time of the gentleman has expired.

#### EXTENSION OF REMARKS

Mr. O'HARA. Mr. Speaker, I ask unanimous consent to revise and extend my remarks and include an editorial.

The SPEAKER. Without objection, it is so ordered.

There was no objection.

#### APPOINTMENT OF CONFEREES

Mr. STEAGALL. Mr. Speaker, I ask unanimous consent that the gentleman from Michigan [Mr. CRAWFORD] be appointed as a member of the conference committee on the bill S. 2198, in place of the gentleman from Massachusetts [Mr. GIFFORD], who is unavoidably absent.

The SPEAKER. Without objection, it is so ordered, and the Clerk will notify the Senate of the action of the House.

There was no objection.

#### EXTENSION OF REMARKS

Mr. HOFFMAN. Mr. Speaker, I ask unanimous consent to extend my remarks in the RECORD and include therein an editorial.

The SPEAKER. Is there objection?  
There was no objection.

#### PRODUCTION IN DEFENSE INDUSTRY

Mr. HOFFMAN. Mr. Speaker, I ask unanimous consent to proceed for 1 minute and to revise and extend my remarks.

The SPEAKER. Is there objection?  
There was no objection.

Mr. HOFFMAN. Mr. Speaker, let me read from a letter received this morning from a woman in Detroit dated March 6, in which she says:

Some of the grinders of airplane parts at the Ford plant here turn out five or six parts an hour when worked by the men who install them. The Congress of Industrial Organizations forbid the turning out of more than three an hour on those machines.

This can be checked on easily. I heard some Ford men talking; one of them was pretty hot about it; as he had a son in the service, it looked like double-crossing his own boy. When I convinced them that I could pass on the information in a way that would not allow them being identified as the ones who told, they talked freely.

I do not know the names of other machines or what their output could be, but

that could be found out. But the Bryant Chucking Grinder Co., with offices at 2842 West Grand Boulevard, whose sales engineer is L. C. Gilchrist, set up machines and their men run them a while and service them. Those service men can tell you what the machines can do. And the shop records will show what those same machines are doing, and it will be very easy to find out why the production is cut nearly in half.

This is a matter for investigation by the House Military or Naval Affairs Committee.

[Here the gavel fell.]

#### PERMISSION TO ADDRESS THE HOUSE

Mr. SHANLEY. Mr. Speaker, I ask unanimous consent to proceed for 1 minute and to revise and extend my remarks and include a speech delivered by the Resident Commissioner from the Philippines, Hon. J. M. ELIZALDE.

The SPEAKER. Is there objection?  
There was no objection.

[Mr. SHANLEY addressed the House. His remarks appear in the Appendix.]

#### EXTENSION OF REMARKS

Mrs. ROGERS of Massachusetts. Mr. Speaker, I ask unanimous consent to extend my remarks and include a very fine and concise article regarding the Women's Army Auxiliary, by Mr. Gould Lincoln.

The SPEAKER. Is there objection?  
There was no objection.

Mr. GIFFORD. Mr. Speaker, I ask unanimous consent to extend my remarks in the RECORD and include an article by a former Member of the House.

The SPEAKER. Is there objection?  
There was no objection.

Mr. STEVENSON. Mr. Speaker, I ask unanimous consent to extend my remarks and include an article from the Monroe County Democrat, Sparta, Wis., on the subject Truthful James and the Farmer.

The SPEAKER. Is there objection?  
There was no objection.

#### APPOINTMENT OF CONFEREES

Mr. STEAGALL. Mr. Speaker, I ask unanimous consent to vacate the order just made in which the gentleman from Michigan [Mr. CRAWFORD] was substituted as a conferee for the gentleman from Massachusetts [Mr. GIFFORD] on the bill S. 2198.

The SPEAKER. Is there objection?  
There was no objection.

#### PERMISSION TO ADDRESS THE HOUSE

Mr. RANKIN of Mississippi. Mr. Speaker, I ask unanimous consent to address the House for 1 minute and to revise and extend my remarks, and to include therein a statement by a lady with reference to the Japanese situation on the Pacific Coast.

The SPEAKER. Is there objection?  
There was no objection.

[Mr. RANKIN of Mississippi addressed the House. His remarks appear in the Appendix.]

#### THE PUBLIC DEBT ACT OF 1942

The SPEAKER. The Chair recognizes the gentleman from North Carolina [Mr. DOUGHTON].

Mr. DOUGHTON. Mr. Speaker, I move that the House resolve itself into

the Committee of the Whole House on the state of the Union for the consideration of the bill (H. R. 6691) to increase the debt limit of the United States, to further amend the Second Liberty Bond Act, and for other purposes.

The motion was agreed to.

Accordingly the House resolved itself into the Committee of the Whole House on the state of the Union for the consideration of the bill H. R. 6691, the Public Debt Act of 1942, with Mr. COCHRAN in the chair.

The Clerk read the title of the bill.

By unanimous consent, the first reading of the bill was dispensed with.

Mr. DOUGHTON. Mr. Chairman, I yield myself such time as I may use, and ask unanimous consent to revise and extend my remarks.

The CHAIRMAN. Without objection, it is so ordered.

There was no objection.

The CHAIRMAN. The gentleman from North Carolina is recognized.

Mr. DOUGHTON. Mr. Chairman, the bill H. R. 6691, known as the Public Debt Act of 1942, is unanimously reported by the Committee on Ways and Means and has for its primary purpose the increasing of the public-debt limit from the present limit of \$65,000,000,000 to \$125,000,000,000. At the close of February it was estimated that the Secretary of the Treasury then had authority to issue Government securities to the extent of \$1,400,000,000. It is anticipated that by the last of March this borrowing power will be so reduced that the Secretary of the Treasury will not have sufficient authority to finance the obligations to be imposed upon him for operations during the month of April.

The public debt of the United States when we increased the authority of the Secretary of the Treasury in January 1941, I believe it was to \$65,000,000,000, had just about approached the then limit of \$49,000,000,000. We had not then entered upon the war, and authorizations for national defense purposes up to that time were only about \$28,000,000,000, whereas they are now about \$140,000,000,000. So it is very easy to understand why it is necessary for the Congress to give to the Secretary sufficient authority to finance the obligations of the Government that are made incumbent upon him by the Congress of the United States.

It is estimated that the deficit for the fiscal year 1942 will be about \$18,600,000,000. For the fiscal year 1943 the estimated deficit will be about \$35,400,000,000. The public debt, on June 30, 1942—that is, the close of the present fiscal year—is estimated will be about \$70,600,000,000. It is now slightly less than \$65,000,000,000. The public debt at the end of the fiscal year 1943, or June 30, 1943, is estimated will be \$110,400,000,000.

The nondefense expenditures for the fiscal year 1942 are estimated at \$6,479,300,000, with war expenditures for the fiscal year estimated to be \$23,996,500,000. The estimated nondefense expenditures for the fiscal year 1943 are \$6,141,000,000.

War expenditures for the fiscal year 1943 are estimated to be \$52,786,200,000.

It is evident, Mr. Chairman, that if the credit of the Government is to be

maintained, it is not only important but absolutely necessary that the borrowing power of the Secretary of the Treasury be increased at this time. When it was increased last year we had not entered upon the war, nor did we have the problem of financing the expenditures made necessary and authorized by the Congress since war has been declared. It is, of course, impossible to anticipate the necessary expenditures or the necessary increase of the debt limit, but it is felt that this increase from \$65,000,000,000, the present limit, to \$125,000,000,000 will take care of the obligations of the Government during the fiscal year 1943 and for a portion of the fiscal year 1944. This bill also gives to the Secretary of the Treasury greater authority or greater flexibility in the issuance of Government securities. As the situation exists at the present time, the issue of Government securities may be either on an interest-bearing basis or a discount basis. This bill gives him flexibility so that he may issue securities either on an interest-bearing basis or on a discount basis or both, as he finds it to the advantage of the Treasury.

Mr. PATMAN. Will the gentleman yield?

Mr. DOUGHTON. I yield to the gentleman from Texas.

Mr. PATMAN. Will this permit the issuance of securities to the Federal Reserve banks without interest?

Mr. DOUGHTON. No, sir; I do not think there is any such provision as that in the bill.

Mr. PATMAN. Would the gentleman answer another question? About how much money will have to be obtained through the sale of bonds this year?

Mr. DOUGHTON. It is estimated that the defense expenses of the Federal Government for this year will be about \$23,000,000,000. Does the gentleman mean 1942?

Mr. PATMAN. Yes.

Mr. DOUGHTON. About \$23,000,000,000. The expenditures will be \$23,996,000,000, and we will receive about \$11,000,000,000.

Mr. PATMAN. That will be a difference of about \$12,000,000,000. How much of that will be raised from the public through the sale of defense bonds, stamps, and other investments, such as postal savings?

Mr. DOUGHTON. How much of what?

Mr. PATMAN. Of the \$12,000,000,000, the deficit?

Mr. DOUGHTON. I do not think I quite get the gentleman's question.

Mr. PATMAN. As I understand it, \$23,000,000,000 will be spent.

Mr. DOUGHTON. Yes.

Mr. PATMAN. And \$11,000,000,000 will be raised by taxes?

Mr. DOUGHTON. Yes.

Mr. PATMAN. This means about \$12,000,000,000 will have to be obtained through the sale of securities, I presume?

Mr. DOUGHTON. Yes.

Mr. PATMAN. There are only two sources for that money. One source is from the public, which, of course, is a fine thing. It will retard inflation. The other source is the commercial banks,

Could the gentleman give us an estimate as to how much of that money the Treasury expects to obtain from the public and how much it will have to obtain from the commercial banks?

Mr. DOUGHTON. I do not think I can give the gentleman that information. The Secretary of the Treasury, who appeared before our committee recently, stated that it is the policy of the Treasury Department to raise just as much as possible from the general public. He thought it was best for the public to buy as many of these bonds for national defense as possible, to show their patriotism, and at the same time he thought it would have a tendency to curb inflation. He stated it would be his policy to market as many of these securities as possible with the general public.

Mr. COOPER. Will the gentleman yield?

Mr. DOUGHTON. I yield to the gentleman from Tennessee.

Mr. COOPER. I think I may be a little helpful on the point the gentleman raised a moment ago. I invite attention to the statement appearing at the top of page 2 of the report on the pending bill. The 1943 Budget, submitted to Congress in January, indicates that the deficit for the current fiscal year will amount to \$18,600,000,000, and, in addition, the Treasury will be required to advance to Government corporations approximately \$3,000,000,000 to finance their activities.

Mr. PATMAN. May I ask the gentleman one further question? After World War I the prices of these bonds were lowered considerably, and the people who paid 100 cents on the dollar for them were compelled to take 85 cents, 80 cents, and in some cases as low as 75 cents on the dollar. Is it not a fact that the Treasury has given the people to understand that in the financing of this war no individual will lose anything, that the bonds that are being sold will not be negotiable, but they may upon proper notice of 30 or 60 days, or whatever is required, obtain their money back, and after a certain length of time will also receive interest? The people who buy these bonds will have the assurance they will not be compelled to take one penny's discount; is that right?

Mr. DOUGHTON. I believe the gentleman is correct.

Mr. ROBERTSON of Virginia. Will the gentleman yield?

Mr. DOUGHTON. I yield to the gentleman from Virginia.

Mr. ROBERTSON of Virginia. The gentleman from Texas has referred to what we call the Defense bonds that individuals are urged to buy. They are redeemable by the Treasury on 60 days' notice at full face value. That does not apply to the bonds that are sold to the Federal Reserve Board or to the commercial banks.

Mr. PATMAN. Is it not a fact that Mr. Eccles, Chairman of the Federal Reserve Board, has given notice to all the banks, whether they belong to the Federal Reserve System or not, that the open-market committee stands ready to take all bonds at 100 cents on the dollar and



no less, therefore there cannot be any reduction?

Mr. DOUGHTON. I assume that is correct, or the gentleman from Texas, who is always well informed on financial and fiscal matters, would not make the statement.

Mr. RICH. Will the gentleman yield?

Mr. DOUGHTON. I yield to the gentleman from Pennsylvania.

Mr. RICH. We have a bill pending here to increase the national debt to \$125,000,000,000. That is the limit. That means an increase of \$60,000,000,000 from what the debt limit is at the present time.

Mr. DOUGHTON. That is correct.

Mr. RICH. The gentleman says we are going into the red this year \$18,600,000,000 and that in 1943 we shall go into the red \$35,400,000,000. That will be terrible. We are going into the red this year \$18,600,000,000. We are spending \$23,000,000,000 and we are going to take in only \$11,000,000,000. I have been under the impression all the time that the Committee on Ways and Means was going to bring in a tax bill at the beginning of this year that would increase our revenue \$9,000,000,000. What is the status of that bill, and how soon can we expect it? Does not the gentleman believe we ought to have it immediately?

Mr. DOUGHTON. Not immediately. I do not believe the Committee on Ways and Means could intelligently prepare and bring out a tax bill increasing present taxes by \$7,000,000,000 or \$9,000,000,000 immediately. I think it would at best take considerable time, because that is a very delicate operation to perform. You cannot do it blindly, in the dark, or with crude instruments. You have to do it after very careful study.

Mr. RICH. Two months of this year have gone by already. In January we were told we were going to have a tax bill of \$9,000,000,000. Now the gentleman says it will be \$7,000,000,000. We certainly need it, why the delay?

Mr. DOUGHTON. The \$9,000,000,000 included \$2,000,000,000 estimated for increased social-security taxes, which the Secretary of the Treasury does not recommend be considered at this time. It is \$7,000,000,000 aside from that.

I may say to my distinguished friend it is estimated that for a full year's operation, for the fiscal year 1943, the present laws would yield between \$16,000,000,000 and \$17,000,000,000, and increasing that by \$7,000,000,000 in anticipated taxes would make for the next year about \$24,000,000,000 that would be received under the tax laws.

Mr. RICH. With that increase in taxation, the gentleman figures that we shall still be \$35,400,000,000 in the red?

Mr. DOUGHTON. That is according to the estimate.

Mr. RICH. We are in pretty bad shape. We are in terrible financial circumstances.

Mr. DOUGHTON. I have felt that a long time. I was very much interested in the gentleman's statement this morning that we could save pennies. I agree with him on that. I go further and say we should not only save pennies, but if possible on nondefense expenditures—

and I believe it is possible—we should save billions.

Mr. RICH. That is correct. We have a lot of bills before us right now where savings could be made. If the Congress would realize the seriousness of the financial situation in which we are now the Congress would save those billions.

Mr. DOUGHTON. If the increased taxes that will be imposed upon the American taxpayers and the increased borrowings that will be necessary to finance the obligations of the Government do not emphasize and accentuate to the American Congress that it is not only important but necessary that there be greater economy in nondefense expenditures, I do not think it could be done if one were even to rise from the dead and declare it.

Mr. RICH. If we do not make these savings now we are liable to wreck this Nation financially.

Mr. DOUGHTON. I agree with the gentleman that this country is confronted at present with a perilous condition, the equal of which we have never experienced before.

Mr. COOPER. Mr. Chairman, will the gentleman yield?

Mr. DOUGHTON. I yield to the distinguished gentleman from Tennessee.

Mr. COOPER. As a further observation on the point raised by the gentleman from Pennsylvania, which, of course, is interesting, may I say that if the Congress follows the recommendations of the President in his Budget submitted to the Congress in January of this year there will be a saving of substantially \$1,000,000,000. It is up to the Congress to follow these recommendations and effect this saving.

Mr. RICH. Why can you not get action by the Congress to follow out these recommendations?

Mr. COOPER. The gentleman is a Member with equal standing with anybody in this House, and always makes his full contribution in that direction.

Mr. RICH. But I do not get any place and do not get any assistance. I have been asking for years, Where are you going to get the money? Others think that way today.

Mr. DOUGHTON. I may say to the distinguished gentleman from Pennsylvania on that point that from what has already taken place and what I have observed, I do not believe the Congress is going to follow out in detail the recommendations of the President of the United States. In my judgment, however, there are many ways in which this Congress can economize to the interest of the country, ways not even recommended by the President. If we fail in some respects we can make good in others, but we ought to save more than \$1,000,000,000, in my opinion. I think that is the very least amount we should even consider economizing.

Mr. GIFFORD. Mr. Chairman, will the gentleman yield?

Mr. DOUGHTON. I yield to the gentleman from Massachusetts.

Mr. GIFFORD. I call attention to the fact that in this bill you would grant authority for the exchange of direct obli-

gations of the Government for indirect obligations, such as guaranteed bonds issued by Government agencies.

Mr. DOUGHTON. Bonds guaranteed both as to principal and interest.

Mr. GIFFORD. Then they can have a direct exchange?

Mr. DOUGHTON. Yes.

Mr. GIFFORD. Will not that tend to lessen the amount outstanding, and would it not be a way by which, under the authority already granted, they might continue to operate without coming to us for additional authority? Is not that a rather dangerous provision the gentleman's committee has put in this bill?

Mr. DOUGHTON. I do not say that that would increase the borrowing power of the Secretary of the Treasury.

Mr. COOPER. Mr. Chairman, will the gentleman yield?

Mr. DOUGHTON. I yield to the gentleman from Tennessee.

Mr. COOPER. I think it is fair to point out, in reply to the question asked by the distinguished gentleman from Massachusetts, that it is the understanding of the committee that the real purpose to be accomplished along the line suggested by his question is to try to bring these outstanding obligations into the Treasury Department or, rather, to assemble outstanding Government obligations so that they may be handled in a more effective and satisfactory manner. This bill not only provides for the type of securities the gentleman has mentioned, but also deals with outstanding postal savings and matters of that kind.

Mr. GIFFORD. Mr. Chairman, will the gentleman yield again?

Mr. DOUGHTON. I yield further to the gentleman from Massachusetts.

Mr. GIFFORD. I want to say it is rather pleasing to me to have this discussion so we may know what the public debt is. My point, for instance, is that if the R. F. C. is authorized to issue billions of dollars and if they are taken in by the Treasury and directly exchanged, they still have the authority to keep on going and do not have to come back to us for extra authority. My question is whether this indirect way of securing money is going to give them extra authority to keep on going without having to come to us.

Mr. COOPER. I do not think there is anything of that kind contemplated here.

Mr. GIFFORD. No; it is not contemplated but is it not possible?

Mr. DOUGHTON. Of course, these indirect obligations are only guaranteed as to principal and interest and are not direct obligations of the Government.

Mr. GIFFORD. Can we not put in a limitation saying that so much of those securities taken in exchange may be substituted for the present authority, so they may not be allowed to go on in the future without coming to the Congress?

Mr. DOUGHTON. If the Treasury takes them over, then they would have the obligations and the Treasury would have to offset them out of the loan.

Mr. GIFFORD. But still the authority remains with these instrumentalities of the Government up to the maximum

amount that they may issue, and as we quietly exchange them, they still have that same authority.

Mr. DOUGHTON. What is the difference if they do not take them and the Government has to take care of them?

Mr. GIFFORD. I notice last week you granted another billion and a half or two billion dollars to the R. F. C. They would have to come here if they had been traded in for direct obligations?

Mr. DOUGHTON. I do not know that our committee granted that much to the R. F. C.

Mr. GIFFORD. I hope I have put my question so it is understandable.

Mr. DOUGHTON. This bill also authorizes the Secretary to receive in payment of Federal taxes any Federal obligations that are redeemable on demand of the holder. In other words, if you owe the Government taxes and you have an obligation that is payable on demand, then that obligation can be used as payment for the taxes.

Mr. CRAWFORD. Mr. Chairman, will the gentleman yield?

Mr. DOUGHTON. I yield to the distinguished gentleman from Michigan.

Mr. CRAWFORD. In the second War Powers Act where we authorized the Federal Reserve banks to purchase issues directly from the Treasury, I want to ask the chairman a question related to that. It seems with that authority going through, plus the authority here for the Treasury to call in advance of the due date of any security, refunding the called securities with new issues, that we give the Treasury the power, we might say, of calling in all outstanding obligations and throwing the entire procedure through the 12 Federal Reserve banks.

Mr. DOUGHTON. We give the Secretary of the Treasury authority to use any of the money that is in the Treasury. He has the power to secure by purchase any outstanding Government obligations if he deems it to the advantage of the Government to do so. The law gives him that discretion.

Mr. CRAWFORD. That is the way I understand it.

Mr. DOUGHTON. That is what is proposed in this bill.

Mr. CRAWFORD. Yes; and if that be true, it seems to me that as we enact this into law we do give the Treasury the power to channel all presently outstanding direct obligations of the Government, as well as future ones, through the 12 Federal Reserve banks.

Mr. DOUGHTON. It may be that it contains that power.

Mr. COLMER. Mr. Chairman, will the gentleman yield?

Mr. DOUGHTON. I yield to the gentleman from Mississippi.

Mr. COLMER. Knowing the gentleman from North Carolina as I do, I just want to inject this statement here. I am sure the gentleman feels, as most of us do, that we have got to change something in this country besides the debt limit if we are going to change the trend of this war. I just wonder if the gentleman does not agree with that. As necessary as it is to increase the debt limit, I am sure the gentleman agrees that we are going to have to change something else.

Mr. DOUGHTON. Yes; but it would take more time than I have to go into detail about my opinion as to that, and then the House might not value my opinion very highly. I do not believe the gentleman's views and mine on that subject are very far apart.

Mr. KNUTSON. I think what the gentleman from Mississippi means is that we need a new board of strategy composed of some who have been trained in warfare.

Mr. RICH. Mr. Chairman, will the gentleman yield?

Mr. DOUGHTON. Yes.

Mr. RICH. Has the gentleman made any estimate of how far this Nation can raise the debt limit and keep from going into bankruptcy?

Mr. DOUGHTON. No; I would not attempt to do that. I am sure that we can and will increase the debt limit just as far as necessary, to fight and win this war, but in connection with that I emphasize, and repeat again and again, that while we are doing that, while we are increasing the tax burden of the present generation by borrowing and issuing Government securities, piling up mountain-high obligations that future generations must meet, there is a solemn obligation resting on representatives of the Government, and the Congress of the United States, to make a determined effort to cut down all nonessential Government activities, not connected with the national defense and the conduct of the war. Is that plain?

Mr. RICH. I agree with the gentleman 100 percent, but why do we not get some recommendations now from the administration for the elimination of a great many of these new set-ups, New Deal agencies that can be dispensed with, which have been set up in the last 15 years, and then we could chop them off. Cut them out entirely. The country would be better off if we eliminated them.

Mr. DOUGHTON. The gentleman from North Carolina does not have the responsibility of being an intermediary between the Congress and the administration and consequently he cannot give that information.

Mr. RICH. The only reason I say that is because of my very high regard for the distinguished gentleman from North Carolina, and I think he would have 100 times more influence with the administration than I would, and I am hoping that he would go there and demand that the administration cut them out.

Mr. DOUGHTON. The gentleman from North Carolina has never considered that he is capable of even advising, much less demanding things of the administration, but he does sometimes make suggestions, and this is a moderate, mild suggestion. I would not egotistically consider that I am capable of recommending, but I do make mild suggestions.

Mr. RICH. If we had more men like the gentleman from North Carolina, I am sure that we would be in a much better position today.

Mr. COX. Mr. Chairman, will the gentleman yield?

Mr. DOUGHTON. Yes.

Mr. COX. Unfortunately I am sure the gentleman finds little comfort in the reported meeting of a group of new orderites here in the city or around here somewhere a few evenings ago, in which the Attorney General stressed the importance of carrying on the program of the New Deal, and another of the group said proudly and boastfully, that the New Deal was far more dynamic than nazism, and more revolutionary than communism.

Mr. DOUGHTON. Of course, that is too general for the gentleman from North Carolina to express an opinion upon.

Mr. COX. In other words, what we need, and need badly, is a stoppage of the new orderites before they completely reform us out of our Americanism.

Mr. MICHENER. Mr. Chairman, will the gentleman yield?

Mr. DOUGHTON. Yes.

Mr. MICHENER. In the final analysis, does not the amount of indebtedness that this country can stand without going bankrupt depend primarily upon two factors? First, the willingness and the ability of the American people to pay taxes; and second, the willingness of the American people and the courage of the Congress to dispense with everything but the necessities, and the essentials in living, and in the administration of Government? There is bound to be some inflation, but ruinous inflation can only be avoided by sacrifice and a willingness to economize. Repudiation is no more reprehensible than deliberate destructive inflation.

Mr. DOUGHTON. Of course, and the willingness of the people to do that would depend very largely, in my opinion, on the interpretation by the public of the wisdom of the action of Congress in authorizing and making appropriations and spending the taxpayers' money. If the Congress is circumspect and careful, meticulously careful, in authorizing the expenditure of money and in making appropriations that are justified and approved by the taxpayers of the country, then I think the taxpayers will support our action.

Mr. VOORHIS of California. Mr. Chairman, will the gentleman yield?

Mr. DOUGHTON. Yes.

Mr. VOORHIS of California. Would not the gentleman be willing to add one other factor that determines whether we can carry a large debt or not, which would be our ability to maintain a full, unstinted production of wealth, as much as we can possibly produce, both now and after the war is over?

Mr. DOUGHTON. That is true, but just how to do that is a matter you could argue until the judgment day.

Section 5 of the bill would take away the authority of the Postmaster General to issue postal-savings stamps and substitute for the postal-savings stamps now used Treasury savings stamps which will be issued by the Secretary of the Treasury under the Second Liberty Bond Act, as amended. As soon as the section becomes effective, the board of trustees of the Postal Savings System will transfer to the Treasury a sum of money equal to the redemption value of all postal-



savings stamps outstanding, and the obligation to redeem the outstanding stamps would become public-debt obligations of the United States rather than a liability of the board of trustees of the Postal Savings System. Prior to the inauguration of the Treasury's Defense Savings program, the average amount of postal-savings stamps outstanding was only about \$60,000. These stamps, which were in denominations of less than a dollar, were purchased by people of very limited means who wanted to deposit money in the Postal Savings System. They provided a method for these people to accumulate \$1, the minimum deposit which could be accepted under the postal-savings law. When the Treasury started its program, it was deemed desirable to issue stamps to help people who wanted to buy savings bonds accumulate the required \$18.75. Rather than have two kinds of stamps on sale in the post offices at one time, it was decided by the Treasury and the Post Office Department that postal-savings stamps would be used for both purposes.

At the end of February 1942 there were \$35,000,000 worth of postal-savings stamps outstanding. Practically all of these stamps were purchased by people who wanted to buy savings bonds, rather than by depositors in the Postal Savings System. Under these circumstances there can be no question but what the Treasury, rather than the Postal Savings System, should assume the obligation to redeem the stamps outstanding and issue the stamps in the future as direct obligations of the United States. As the law now stands, it is a case of the tail wagging the dog.

Section 5 of this bill would not in any way affect the rights of the owners of outstanding stamps. Neither will it make it impossible for people of very limited means to accumulate money for deposit in the Postal Savings System. The new stamp which the Treasury will issue will be redeemable on demand at the post offices which formerly sold postal-savings stamps, and any such person who has accumulated a dollar's worth of stamps can turn them in for a dollar and deposit a dollar in the Postal Savings System.

Mr. TREADWAY. Mr. Chairman, I yield 3 minutes to the gentleman from New York [Mr. REED].

Mr. REED of New York. Mr. Chairman, when the Secretary of the Treasury was before our committee he seemed to be deeply concerned about the question of inflation; and well he might be. For at least 9 years we have been traveling down that dangerous road which has brought ruin and dictators to other countries, and developed armies. Now we have been obliged to enter a war with a staggering debt facing us. Our chief opponent in this war, and I refer to Germany, had wiped out their internal debt. They started with no internal debt at all and practically no external debt. But here we are now raising the debt limit to \$125,000,000,000. The time has come when this Congress must, if it would save this country and win this war, cut out every nonessential expenditure. We cannot delay that action. It is not fair to go to the country to sell bonds

knowing that we are going to continue a program that will cause repudiation of the obligations so issued. I hope that coming in here as we do frequently, and we will soon be here again to increase this debt limit, will so arouse public opinion that this Congress will not dare to refuse to cut out all nonessential expenditures. You have one example which is only one of thousands, down here in the square opposite the Occidental Hotel, a project known as the great boondoggle. We cannot continue to throw away money in this way. We should be concerning ourselves with saving the solvency of this country, and devoting the money saved to the equipment of our Army so that armed relief may be sent to the one man who stands out among all other generals in the world today as an efficient, courageous fighter, General MacArthur. But we cannot go on frittering away money as we are doing, taking this whole thing as a huge joke, and ever expect to win this war.

These facts may be interesting to those who have not followed closely the rapidly increasing debt during the last 9 years and the ever-increasing tax bills, enacted in an effort to overtake the ever-increasing spending:

Forty-five billion dollars debt limit established in 1935. The debt was then about \$28,000,000,000.

Forty-five billion dollars limit was exhausted in 1940, before the emergency defense program was instituted.

Limit increased to \$49,000,000,000 to take care of initial emergency defense appropriations.

Last year—1941—the limit was increased to \$65,000,000,000 to provide for augmented defense program. This authority will be exhausted by the end of March 1942.

A third increase is now asked—to \$125,000,000,000. This extension may last until about July 1, 1943.

These repeated extensions of the debt limit have been made with painful regularity, notwithstanding the fact that the Ways and Means Committee is now considering the fifteenth New Deal tax bill. This fifteenth tax bill, if it reaches the goal set by Secretary Morgenthau, will raise \$7,000,000,000 in new revenue from taxes, together with an additional \$2,000,000,000 to be obtained from the social security program.

Even if the \$7,000,000,000 of new revenue envisioned by Secretary Morgenthau is collected and the sum of \$16,500,000,000, exclusive of social-security taxes, is collected under existing laws, including the 14 tax bills heretofore enacted under the New Deal administration, the Government will, nevertheless, have to borrow \$39,800,000,000 for the next fiscal year.

I remind you, my colleagues, that history records that inflation is a road that leads to a life of darkness, poverty, and humiliation. Excessive debt is the parent of inflation.

[Here the gavel fell.]

Mr. TREADWAY. Mr. Chairman, I yield 3 minutes to the gentleman from Ohio [Mr. JENKINS].

Mr. JENKINS of Ohio. Mr. Chairman, we are being asked to do something today that we have never done in the

entire history of this country. In other words, we are about to create a debt limit beyond anything anybody ever expected. If this request to fix the debt limit at the stupendous sum of \$125,000,000,000 had been made of us 3 years ago, it would have been rejected unanimously.

I want to recount just for a minute the steps we have taken in this connection in the last few years. Some of you can remember the first debt-limit bill fixed the amount at \$45,000,000,000. At that time many of us were passively opposed to this procedure. We thought that it portended national disaster. In a short time thereafter we increased the debt limit to \$49,000,000,000. That was not such a strain. Then, without much of a struggle, we increased it to \$65,000,000,000. Now we are increasing it to \$125,000,000,000, and we are doing it easier today than we did when we increased it to \$45,000,000,000. Increasing the debt limit is much as the poet said about vice—first we pity it, then we endure it, and then we embrace it.

This is a very strange and dangerous situation. As Mr. Roosevelt said when he was a candidate, "Governments are wrecked on the rocks of loose financial policy." Under our theory of government we—the House of Representatives—are charged with the responsibility of guarding the financial resources of the Nation. We are the keepers of the purse strings of the Nation. One of the best attributes of democracy—the safest attribute of a democracy—is the fact that the people have control of the purse strings. When the people lose their control of the purse strings, our democracy is gone and we shall not long endure as a nation. We still have the purse strings, but those purse strings are lengthening out—they are too elastic. We are coming to the place where they are liable to break. If they do, we will be held accountable by the impractical historian.

Mr. WOLCOTT. Mr. Chairman, will the gentleman yield?

Mr. JENKINS of Ohio. I yield to the distinguished gentleman from Michigan.

Mr. WOLCOTT. I would like to have somebody on the committee explain to the House the purpose of a debt limit. I cannot find any provision in the Constitution for the establishment of a debt limit.

Mr. JENKINS of Ohio. There is no constitutional provision dealing with the subject. But there is no provision preventing Congress from putting a legislative brake on itself by passing a resolution indicating its determination that the national debt shall not exceed a definite figure, and there is nothing to prevent Congress from extending that fixed amount, if it desires to do so. The purpose of a debt-limitation law is to show to the tax-spending agencies of the Government that Congress does not look with favor on expenditures beyond that amount.

Mr. WOLCOTT. If we did not extend the debt limit but appropriated in addition to the debt limit, we would by inference and indirection, increase the debt limit by that amount, would we not?

Mr. JENKINS of Ohio. Yes. I do not know of any reason, after we reach this debt limit, why Congress could not vote

additional appropriations. Congress has the purse strings in its hands yet. I hope it shall ever be thus.

The serious situation which now confronts us because of our colossal debt is largely due to the fact the administration has during the past 9 years utterly failed to adopt any definite program of economy. Mr. COOPER, the gentleman from Tennessee, in his statements made a few minutes ago would give you the impression that the President, because of a recommendation in the report of the Bureau of the Budget, has started a program of economy. While the recommendation of the Bureau of the Budget in this respect is a commendable one, still there is no definite policy shown in that action. The departments in which this curtailment of expenses have been suggested will all still continue to function. The saving effected there has simply been transferred to some other department.

Never since the present administration has come into power has there been manifested any noticeable plan of economy. On the contrary every plan called for the additional expenditure of money. Every year since the administration came into power the deficit has increased. The national debt at the time the present administration came into power was approximately \$17,000,000,000. Gradually this debt has increased until today it is nearly \$65,000,000,000 of actual indebtedness, with enough other commitments, direct or indirect, to run the real actual debt of the Nation up to possibly \$80,000,000,000.

In 1941 when the Ways and Means Committee was considering the 1941 tax bill Mr. Morgenthau suggested that a savings of one billion a year could be made in nondefense activities. At that time I sought to have him indicate where and how that saving could be made. He did indicate in general terms. He was criticized by the President the next day for having made that suggestion. When I asked Mr. Morgenthau to indicate specifically just how the saving could be effected he declined to do so, largely, I think, because of the fact that the President had indicated his disfavor with the statement of the Secretary. At that time I took the position that we could easily effect a saving of a billion dollars in nondefense activities. I have no doubt that we could have effected a saving of \$2,000,000,000 without impairing the efficiency of any department. At that time I also took the position that we could easily have effected a saving of \$2,000,000,000 or more in defense activities. There is no question but that there is a tremendous waste of money in defense activities. The temper of the times is such that it is not altogether wise for one to press his viewpoint in this connection because of the claim that one might be hampering national defense. Personally I have voted for every appropriation for national defense, and, like every other American, I am in favor of adequate defense. I still maintain, however, that billions of dollars are wasted every year because of careless administrative methods.

The House will no doubt pass this resolution calling for the extension of the debt limit, and, while I may hope that

this will be the last time that the passage of a bill of this kind will be needed, still I am confident that at the rate that we are spending money now it will not be long until the Secretary of the Treasury will be coming back and asking the debt limit be increased again.

[Here the gavel fell.]

Mr. TREADWAY. Mr. Chairman, I yield 3 minutes to the gentleman from Kansas [Mr. CARLSON].

Mr. CARLSON. Mr. Chairman, I just thought it would be interesting to call the attention of the House to how far and how fast we have traveled in 22 or 23 years. This \$125,000,000,000 is beyond me. We talk about billions as though they were everyday figures. The only way I can arrive at some sense of semblance as to what these figures are, is to go back to the World War. I want you to get these figures. They were amazing to me.

During the past 18 months we have voted over \$100,000,000,000. Our record expenditure for any one year during the World War was \$18,500,000,000. That was in 1919. That year we collected in taxes \$5,152,000,000. The record tax collection following the World War was in 1920 when we collected \$6,695,000,000.

This year we are going to collect \$15,819,000,000 in Federal taxes, excluding social-security taxes. We are collecting from our citizens in Federal, State, and local taxes the enormous sum of \$27,077,000,000, or 23½ percent of our national income. On Tuesday, March 3, Secretary Morgenthau appeared before our committee and proposed that we raise \$9,000,000,000 additional tax money. If we do this, we will place a tax burden of \$34,677,000,000 on our citizens for Federal, State, and local taxes. This will be 30.2 percent of the estimated national income.

Prior to our entry into World War No. 1, and 2 years after the war began in Europe, our national debt was \$1,225,000,000. The extreme high of our national debt following the World War was \$26,000,000,000, which was reduced to approximately \$16,000,000,000 in 1926. On March 4, 1933, our national debt stood at \$21,000,000,000. Just to show how rapidly our national debt has increased during the past 3 years, I want to call attention to the fact that our national debt stood at \$43,000,000,000 at the end of the 1940 fiscal year. It is now approximately \$63,000,000,000, and Secretary Morgenthau estimated it would reach \$71,000,000,000 by June 30, 1942. If we continue the present rate of expenditure, the indebtedness will reach \$110,000,000,000 by June 30, 1943.

The suggestion has been made that we remove the debt limit entirely. When Secretary Morgenthau was before our committee he said:

Yes; we could do that, but I think it is a good thing to come back to Congress every few months and review the situation.

He said:

I shall be back in from 12 to 18 months and ask you to increase this debt limit again.

I think the Secretary is right when he says that the Congress and the country

ought to stop and, so to speak, take account of where we are going.

Mr. FISH. Mr. Chairman, will the gentleman yield?

Mr. CARLSON. I yield.

Mr. FISH. Does the gentleman know the total amount of money we appropriated for the first World War?

Mr. CARLSON. I do not have those figures with me.

Mr. VOORHIS of California. If the gentleman will permit, I believe the \$26,000,000,000 represented the net increase in the public debt.

Mr. CARLSON. The gentleman from California is right. The increase in the public debt due to the first World War was \$26,000,000,000, and we started that war only a little over \$1,000,000,000 in debt. By 1925 we had reduced the indebtedness to \$16,000,000,000.

Mr. Chairman, we have no alternative this afternoon but to vote an increased debt limit. Our country is at war, and the war must be won. However, we should remember that we are spending the people's money, and they have a right to demand a strict accounting of every dollar spent. This is no time to waste money for boondoggling, social experiments, and other unnecessary items.

[Here the gavel fell.]

Mr. TREADWAY. Mr. Chairman, I yield 3 minutes to the gentleman from Minnesota [Mr. KNUTSON].

Mr. KNUTSON. Mr. Chairman, I had not intended to say anything on this bill, but I do want to comment on letters I am daily receiving from home. The folks back home are not very optimistic.

Folks living in the agricultural areas of America cannot understand why the Administration has given movie actors, baseball players and labor leaders a deferred status in the draft while thousands and thousands of farm boys, who are needed to produce food, have been placed in uniforms and sent to foreign lands. They write me that it does not make sense but at that it is just as sensible as a lot of other things that have been done in America the past 9 years.

The people back home object to all the money that is being spent in boondoggling. They object to the Government paying time and a half for overtime on defense work. They object to a man who wants to work in the defense activities being compelled to join a union and pay anywhere from \$25 to \$150 before he can work for his Government. They just can not understand how such things can be possible in a democracy where all should be treated alike by their government.

Mr. Speaker, the American people are bewildered. They know not which way to turn nor to whom to look to put a stop to this bungling and mismanagement.

The people do not object to paying high taxes if they know the money is being wisely spent, but they do not want to see any part of it poured into rat holes or used for social experimentation.

The folks back home feel that this is no time for social legislation. They realize that France went on the rocks largely because of sit-down strikes and limiting production for war to 40 hours



a week. The people out in my country think we ought to be on a 48-hour week with straight time pay.

The gentleman from Tennessee mentioned economies the Administration has effected. I cannot recall any economies that have been effected by the Administration. We still have W. P. A. and N. Y. A. and C. C. C., and all those other activities that were put into effect when the country was in the depths of the depression. Any effort of the Congress to cut out these extra and unusual activities meets with strongest opposition down at the White House. I remind the gentleman from Tennessee of the reception given the Morgenthau proposal to cut the nondefense expenditures of this Administration by \$1,000,000,000. Let him think of the reception the suggestion received at the White House about a year ago. We have not had any cooperation from the executive branch of the Government in effecting any economy. I do not say this in a partisan spirit but because we are in a tough spot, Mr. Chairman. We are all in the same boat and unless we forget politics and get down to brass tacks we stand to lose this war. These are times when all must make sacrifices. It is not fair to ask only the soldier and farmer to make them. Sacrifices must also be made by labor and industry.

Finally, my friends, we need a new board of strategy. Roosevelt and Churchill should and will have to leave that particular work to trained military and naval experts. It is going to take something stronger than oratory and crystal gazing to win this war. Since July 1, 1940, appropriations, contract authorizations, and requests now pending before the House Committee on Appropriations amount to over \$142,000,000,000 for war purposes only and yet when we visit training camps we learn that boys who have been in the service nearly a year have not fired as much as one round of ammunition. Military men tell us that 500 bombing and fighting planes would have turned the Japs back from the Philippines. Where is all the material that we have been producing? Members of the House, there is but one solution—speed up production to utmost capacity and induct all slackers into the Army. This is war and everything not essential to winning that war must wait.

FOREIGN AND CIVIL WAR? WHY FIGHT AMONG OURSELVES?

Mr. HOFFMAN. Mr. Chairman, who got us into this war, why we got into it, and whether we were prepared for war—the answer to each of these questions is now of no moment. The question which now we must answer is whether we can and will win this war.

None doubts but that we can win. Some have grave doubts as to whether we will win. They doubt because they have been compelled to believe that this administration will not willingly forsake all other objectives and devote itself wholeheartedly to the winning of the war.

If that statement be sniping, then let those majority-party leaders who through the press announced on February 27 last that they would hit back at snipers, go into action.

If, on the other hand, it be constructive criticism, which I consider it, again they are challenged to go into action and to stay in action until they have met and overcome those things which are hindering our efforts to meet the danger which now confronts us.

We have been asked to lay aside partisanship; to forget politics; and, since Pearl Harbor, Republicans of this House have consistently and without reservation supported the administration in its every effort to prepare for and to carry on this war.

Unfortunately, beginning with the statement of National Democratic Chairman Flynn, the Democratic Party, or, more accurately speaking, the New Deal branch of it, has refused to follow the President's advice, and the President himself has intimated that he wants in Congress only those who see eye to eye with his views.

The position of the new dealers was clearly and unequivocally stated, when here in Washington, Attorney General Biddle, speaking before a typical New Deal group, according to the Washington Post, made the statement:

Hold the political trench because the opposition is going to fight, whether you do or not.

It is reported that others made what are commonly known as New Deal "pep" speeches. Perhaps the climax of that meeting came when Michael Straight, Washington correspondent for the New Republic, who was toastmaster, in his speech closing the meeting said:

The New Deal is more dynamic than fascism and more revolutionary than communism.

One gentleman, who has persistently, during the last few days, advocated the abolition of the Dies committee, was present at that dinner. Some of us, viewing his attacks upon that committee, are wondering whether he was aware of the statement published as a matter of news in the New Republic in its issue of December 29 last, and of which Michael Straight, the toastmaster of the evening, is a Washington representative, which read:

Known Communist sympathizers are again finding it relatively easy to get Government jobs.

Can it be that this gentleman who so vigorously and so persistently attacks the Dies committee, which has exposed and called for the ousting of Federal employees who are Communists, is either ignorant of the work which has been done by the Dies committee or wishes to make it still easier for the Communists to get on the Federal pay roll?

Turning now to the question of whether this administration has in mind the single purpose of winning this war; of whether it is willing to lay aside its partisanship; whether it is willing to wage this foreign war without at the same time carrying on a civil political war against those who oppose its domestic policies, consider these statements in the press of last night, made by that well-known writer, David Lawrence. Let me quote:

American boys may be dying in the Far East and Southwest Pacific because of lack of protection—but the New Deal must go on.

American aviators, flying heavy bombers, have been forced to quit Java for lack of fighter planes—but the New Deal must go on.

Shortage of ships is responsible for the lack of transportation facilities to carry fighter planes to the front—but the New Deal must go on.

Millions of persons are having their incomes reduced by heavy taxes, their businesses broken up, their jobs confiscated overnight—but the New Deal must go on.

It is matter of common knowledge that this administration is coddling labor. Certainly the President is familiar with the passage of the scriptures which reads:

No man can serve two masters; for either he will hate the one, and love the other; or else he will hold to the one, and despise the other. Ye cannot serve God and mammon.

Having that passage in mind; knowing the truthfulness of it, how can the President justify the appointment and the retention in office of Sidney Hillman, who is paid by his union organization; who is under obligation to serve it because of the compensation he receives from it and, at the same time, is called, by his appointment and his acceptance of office under the Federal Government, to serve that Government and to hold balanced between his union, which pays him, and his Government, to which he owes loyalty, the scales on which he weighs the controversies which arise between the two?

Hillman's position is such that he cannot serve the union which pays him, which renders service to the Government, and, at the same time, serve, unbiased and without favor, the Government he is charged with representing and serving in this its time of need.

Again, when will the President cease to coddle, to extend special favors to the so-called labor group? The men and the women who work in this, our time of need, are not asking for special favors. It is their political bosses who are using the opportunity to entrench themselves in power, to collect vast sums for their war chests, which they can use in their organizing and political campaigns.

It is matter of common knowledge that some of these union organizers are slowing down production in opposition to the will of the workers who have sons and relatives in the fighting forces, in factories which must operate continuously and at full speed if our armed forces are to be properly supported; given full opportunity to fight.

To show what is meant by a reduction of production, let me read these excerpts from a letter dated March 6, from a woman at Detroit:

Some of the grinders of airplane parts at the Ford plant here turn out five or six parts an hour when worked by the men who install them. The Congress of Industrial Organizations forbid the turning out of more than three an hour on those machines.

This can be checked on easily. I heard some Ford men talking. One of them was pretty "hot" about it as he had a son in the service; it looked like double-crossing his own boy.

Yes, the American people are growing weary of the administration's failure to

treat all groups alike. They are growing weary of having their sons and their husbands serve in foreign lands while here at home the efforts of those who fight are hindered or rendered of no avail by those who slow down production.

The responsibility for ending this situation rests first upon the President of the United States, who has power to remedy the evil. If he continues to shirk it, as he has for, lo, these many months, then it becomes, and it is now, the duty of Congress to accept the responsibility and enact new legislation which would compel the Executive to act.

Why fight among ourselves when our enemies are so powerful. Let the President insist upon an end to slow-downs and strikes.

Mr. TREADWAY. Mr. Chairman, I yield 3 minutes to the gentleman from Pennsylvania [Mr. RICH].

Mr. RICH. Mr. Chairman, the present administration has us in a terrible fix. May I quote from a speech made by the President of the United States on October 19, 1932, at Pittsburgh, Pa.:

The credit of the family depends chiefly upon whether that family is living within its income. And that is equally true of the Nation. If the Nation is living within its income, its credit is good.

If government lives beyond its income for a year or two, it can usually borrow temporarily at reasonable rates. But if, like a spendthrift, it throws discretion to the winds and is willing to make no sacrifice at all in spending; if it extends its taxing to the limit of the people's power to pay and continues to pile up deficits, then it is on the road to bankruptcy.

Now, Mr. Chairman, I want to present a little idea of what the administration has done since the President made that speech, which was one of the soundest statements made by any man.

I will prove to you he has not carried out that statement so far as the United States Government is concerned, but he has repudiated it. He believed one thing, then did another. Let me give you the Roosevelt record of Government deficits. Not once have they come near a balance.

From March 4 to June 30, 1933, the deficit was \$892,600,000, and for the following years:

1934-----	\$3,965,991,635
1935-----	3,576,357,963
1936-----	4,763,841,642
1937-----	2,707,347,110
1938-----	1,384,160,931
1939-----	3,542,267,954
1940-----	3,611,056,036
1941 to Mar. 4-----	5,500,000,000

The estimated deficit for this year, 1942, is \$18,600,000,000 and the estimated deficit for 1943 is \$35,400,000,000. Terrible, terrible. Horrible, horrible.

What is the administration doing but taking the road to bankruptcy? There is only one thing, and one thing only, we can do to save this Nation of ours, and that is to cut down on nondefense expenditures to the very limit. The Members will have that opportunity today, and they will have that very opportunity tomorrow when we take up the consideration of the Department of Agriculture appropriation bill. Will you do it, or are

you going to continue to send this Nation down the road to ruin? We will never win this war, we will not be able to do anything to help MacArthur, we will not be able to do what we ought to do in connection with raising an increased Army and equipping it, and the same applies to the Navy, unless we begin to economize. A bankrupt nation cannot finance a war. You are driving toward bankruptcy as fast as you can go. We cannot pursue the method we are following and have a sound financial stability, which is just as essential as it is to have manpower, guns, planes, and ships, and those are the things we have to furnish General MacArthur if we want to win the war. To increase this debt from sixty-five billion to one hundred and twenty-five billion is a terrible jump. This administration raised the debt limit from forty billion, then to forty-five billion, then to forty-nine billion, then to sixty-five billion, now to one hundred and twenty-five billion. Where are you headed for but bankruptcy? Every man here knows we will wreck the people, bankrupt the Nation, lose our form of government if you do not make every dollar count. Stop the extravagances and get some real common sense. Get rid of the New Deal. Put all Communists and Japs in concentration camps. Get some real common sense and put some real hard work in before we come to want and lose the war.

[Here the gavel fell.]

Mr. TREADWAY. Mr. Chairman, I yield 3 minutes to the gentleman from Michigan [Mr. WOLCOTT].

Mr. WOLCOTT. Mr. Chairman, I cannot get very much "het" up over a statutory debt limit. It is a rather innocuous thing, and I sometimes wish that we had never instituted the practice of setting debt limits. That is only true where there is a limit on total obligations of the Government, bonds, notes, certificates of indebtedness, and so forth. As I understand it, the reason why a debt limit was put on in the first place was to regulate and control the amount of bonded indebtedness of the United States. I recall very distinctly when the debt limit was first increased it was increased by taking the ceiling off the bonded debt limit, which was somewhat below the total debt limit. So when in the years gone by there was a differentiation between the total debt limit and the bonded debt limit there was some reason for a limitation, but there really is not any purpose behind this section of the bill. I hope that none of our citizens will be fooled by the action which we are going to take today because they should realize that there is no constitutional provision in respect to the establishment of a statutory debt limit by the Congress or anyone else for that matter.

The Congress must appropriate the money, and if the Congress appropriates money above the debt limit, then, of course, it inferentially and by indirection increases the debt limit a proportionate amount.

The thing I am concerned about in this bill is the provision which allows the Treasury to issue bonds in exchange for

fully guaranteed bonds of the agencies of Government and the corporations which have been set up under authority of the Congress. These run into the billions of dollars. They are contingent liabilities, and I do not quite understand why the Treasury wants authority to exchange those bonds for the issuance of Treasury bonds. I just cannot understand that, and I wonder if any of the Members have a clear understanding of what is behind this proposal? It is brand new; it has never been done before. The Treasury under certain circumstances can invest in the capital of these corporations but they never have been authorized to issue bonds specifically for the purpose of liquidating the indebtedness of these corporations. To me it is a very dangerous practice.

[Here the gavel fell.]

Mr. TREADWAY. Mr. Chairman, I yield 3 minutes to the gentleman from Kentucky [Mr. ROBSON].

Mr. ROBSON of Kentucky. Mr. Chairman, I cannot help but look upon this great increase of our national debt limit to \$125,000,000,000 with great concern. Some years ago we increased the national debt limit from forty-five to forty-nine billion, and later on the administration insisted that the debt limit be increased to sixty-five billion, and now we have a request from the administration that the debt limit be increased to one hundred and twenty-five billion. This is enough to cause deep concern in the minds of every thoughtful and loyal American citizen. How soon will the administration be back and insist upon another huge increase or to remove the debt limit entirely?

The Secretary of the Treasury stated to the Committee on Ways and Means that he believed that this increase in the debt limit from sixty-five billion to one hundred and twenty-five billion will amply cover the Treasury's anticipated financing requirement through the fiscal year of 1943 and perhaps part of the fiscal year of 1944. We know the fiscal year of 1943 will end on June 30, 1943, and there is every reason to believe that the national debt will reach the astronomical sum of one hundred and twenty-five billion by June 30, 1943. That is only about 15 months off. The Secretary of the Treasury stated that he may be back in about 12 months and ask for an additional increase in the debt limit. One hundred and twenty-five billion is more than \$900 for each man, woman, and child of the 132,000,000 people of the United States and about \$4,500 for the average family, and the end is not yet in sight.

We are just entering upon what appears to be a very long, costly, and bloody war, with American soldiers and sailors on every continent and every sea. The direct cost of the first World War from April 6, 1917, until July 2, 1921, when it officially closed was twenty-five billion seven hundred and twenty-nine million. This, of course, does not include about ten billion or more that we loaned to our Allies—Great Britain, France, Italy, and others. Up to this date Congress has voted for war purposes alone since July 1,



1940, the astronomical sum of one hundred and forty-two billion. This is more than five and one-half times the direct cost of the first World War.

According to the Budget submitted to Congress by the President in January, the deficit for the present fiscal year ending June 30, 1942, will be nearly nineteen billion, and in addition to that the Treasury will be required to advance to governmental corporations approximately three billion more to finance their activities. This will create a deficit for the present fiscal year ending June 30, 1942, of approximately twenty-two billion. Under our present tax laws the Government will collect approximately twenty-three billion for this year. A bill is now under consideration to add an additional seven billion in taxes, so that the American people will be called upon to pay approximately thirty billion in Federal revenue and taxes, annually, and, according to the Budget the President submitted to Congress, there will still be a deficit of approximately thirty-six billion, and the Treasury will also be required to provide over four billion for the activities of governmental corporations, making a total deficit of forty billion for fiscal year ending June 30, 1943. While the administration has not yet admitted it, I believe that the national debt by June 30, 1943, will be one hundred and twenty-five billion, and sometime in 1942 the Congress will be called upon to further increase the debt limit.

I visited in my district during the holidays last December and in the month of February this year. The people there are patriotic. They are in favor of paying every dollar in taxes and the creation of every dollar of debt necessary to defend our country and to win the war. Many, however, complain bitterly on account of the large sums of money being spent for unnecessary and nonessential activities. They condemn all boondoggling projects. They denounce their money being used to teach either gliding or fan dancing, or collecting the taxes through Donald Duck pictures. They also condemn huge profits being paid by the Government to many of those having defense contracts. They insist that we cut out rackets, racketeers, grafters, and profiteers, and streamline Government expenses to the necessities required in winning the war. They insist that the strictest economy in the spending of the tax money be observed. I wonder if those in control of the administration are not undermining the confidence of the people. We must not threaten the credit of the Nation. The American people are intelligent. Many of them have observed that the assessed value of all the farms, livestock, and all the poultry on the farms of the United States according to the Federal census of 1940 is less than forty billion. The debt limit we are fixing today is more than three times the value of all the farms, all the livestock, and all the poultry on all the farms of this country. Our total national wealth is now estimated at three hundred and ten billion.

We are urging the American people to buy bonds and stamps to win the war. Many of my constituents, both Repub-

licans and Democrats, inquired of me if these bonds and stamps would be redeemed and paid for by the Government. I have many letters from my district insisting that the spending of the bond and stamp money and the tax money for boondoggling projects, for nonessentials, and to permit racketeering and profiteering was discouraging the sale of bonds and stamps. It is up to the administration and the Congress to convince the American people that their money is being used in honest efforts to win the war and not to perpetuate the New Deal, or be wasted or squandered on nonessential projects or activities.

The administration has been for some time trying to force through Congress its "pork barrel" omnibus rivers and harbors bill, including the St. Lawrence seaway, the Florida ship canal, and many other nonessential "pork barrel" projects that will likely cost the taxpayers more than a billion dollars. There are hundreds of thousands of unnecessary New Deal officeholders forming a part of a huge bureaucracy of more than a million and five hundred thousand built up and maintained by the administration, and now engaged in no useful war activity, but are engaged largely in promoting some of the New Deal nonessential activities. These unnecessary officeholders should be separated from the Government and placed in some necessary or useful national defense activities. The administration cannot continue this increase of the national debt and increase taxes without getting results on land, sea, and in the air in the defense of our country. Let us not forget that the American people are submitting to these enormous taxes, this enormous increase in the national debt, and the upset of their economic life to accomplish one great purpose only and that is to defend our country and to win this great war at the earliest moment possible. Let us cut out these nonessentials. Let us save the people's money. Let us translate these billions into ships, planes, guns, tanks, and other defense equipment, so that our gallant soldiers, sailors, and airmen may go forth the best armed and the best equipped of any fighters on the earth and win victories for our country.

Mr. TREADWAY. Mr. Chairman, I yield 3 minutes to the gentleman from Tennessee [Mr. JENNINGS].

Mr. JENNINGS. Mr. Chairman, I have in my pocket a sheaf of letters and telegrams from men and women in all walks of life in Tennessee. They are tremendously and vitally concerned at the situation that now confronts this country with respect to the present conduct of the war and with respect to the debt of this Nation.

The gentleman from Michigan [Mr. WOLCOTT] just stated that he could not understand why from time to time the administration came to the Congress and asked that the debt limit be raised. I take it that these successive actions are milestones on the downward road we are traveling toward national bankruptcy. This debt of ours is an accumulation of expenditures. It would seem that at a time like this, when the Government is borrowing the money it is spending, we

should not spend money we do not have for things we do not need.

A few days ago the employment of a fan dancer at a little more than \$5,000 a year had such dynamic repercussions that it blew the first lady of the land out of her position in the Office of Civilian Defense. But we read upon the front page of the Washington Post on Sunday that without any legislative authorization whatever the President had authorized the construction of a boondoggling project on Pennsylvania Avenue facing the Willard Hotel at a cost of a quarter of a million dollars.

In order to add to the gayety of nations, that sum would have employed a whole chorus of fan dancers, 125 in number, and we could have a Roman holiday here, to the disgust of the whole country. Mr. Mellett is shortly to go down there in that building which costs that much money and have a corps of boys and girls from the rural precincts throughout the country, from the various towns and cities throughout the country, who certainly do not know anything about the governmental set-up here, but whose function it will be to advise businessmen when they come to Washington seeking Government business where to find the people with whom they want to do business.

There are 435 Representatives in this House and 96 Members of the Senate, all of whom are qualified to tell their constituents where to go to get in touch with the various governmental agencies.

[Here the gavel fell.]

Mr. TREADWAY. Mr. Chairman, I yield myself the balance of the time.

Mr. Chairman, the Federal Treasury is once more in the position of being unable to meet the tremendous financial obligations which have been imposed upon it.

It is the privilege and duty of Congress to vote the necessary appropriations to provide for the common defense and the general welfare, but it is likewise its responsibility to furnish the Secretary of the Treasury with the means of meeting the obligations thus created.

The Ways and Means Committee has been advised that, due to the present \$65,000,000,000 limit on the authorized national debt, the Treasury Department will be unable to finance the operations of government much beyond the end of the current month. As of February 28, the outstanding public debt aggregated \$62,380,000,000. The Budget Bureau estimates that by the end of the current fiscal year, June 30, it will be necessary to increase the public debt to \$70,600,000,000, and by the end of the fiscal year 1943 to \$110,400,000,000.

For 12 consecutive years, since 1931, the Federal Government has been operating in the red despite constantly increased taxation upon the people. During the first 10 of those years the resulting deficits were attributable to extravagant expenditures for domestic purposes. Beginning with the fiscal year 1941, however, our Government instituted a program of national defense which, as a result of subsequent developments, has now grown to the staggering total of \$142,000,000,000. Current and future deficits

will be attributable to our national war effort, and there is no telling how long these deficits will continue nor what their aggregate amount will be. While deficit financing might have been avoided prior to the inauguration of our defense program, it is inevitable now, because our annual expenditures for war purposes have risen to such magnitude that they cannot possibly be met by taxation alone.

To help finance the defense program which began to get under way in the summer of 1940, the Congress has enacted three major revenue measures, which have resulted in increasing Government receipts from a level of \$5,000,000,000 in the fiscal year 1940 to an estimated \$16,487,000,000 in the fiscal year 1943, based on existing rates. It is now proposed by the President to increase taxes by an additional \$7,000,000,000, or to a total of more than \$23,000,000,000.

If we include present social-security taxes, plus the \$2,000,000,000 additional requested by the President, the total will be \$27,000,000,000.

Even this unprecedented \$23,000,000,000 level of Federal taxation, which is four times the highest amount collected during the World War, will be inadequate to meet Federal outlays in the next fiscal year.

The net deficit for the current year, ending June 30, in which we will spend thirty and one-half billion and take in twelve billion, will be in excess of eighteen and one-half billion.

In the fiscal year 1943, it is estimated that total expenditures will aggregate \$59,000,000,000, of which nearly \$53,000,000,000 will go for war purposes. Anticipated revenues are placed at sixteen and one-half billions. Thus, without any additional tax legislation, we face a deficit of forty-two and one-half billion in the next fiscal year. This deficit will be reduced to the extent new taxes are voted at the present session, and to the extent that economies may be effected in non-military expenditures.

Let me say parenthetically that I do not agree with the statement of the gentleman from Tennessee [Mr. COOPER] that on account of the change in the estimate in the Budget we are saving \$900,000,000. That is only a paper saving which is not yet a reality.

To continue: Under all the circumstances, the Congress has no alternative but to increase the debt limit at this time. By raising the limit from \$65,000,000,000 to \$125,000,000,000, the Secretary of the Treasury feels that he will be able to finance the operations of Government through the fiscal year ending June 30, next year, or for a period of approximately 15 months.

He cautioned us when he made that statement that he would be back to see us next year and ask for a further increase in the debt limit.

In this connection, I wish to commend the Secretary for not asking that the debt limit be entirely removed, as has been advocated in some quarters. As the Secretary pointed out in his statement to the committee, the placing of a fixed limit gives Congress the opportunity for a periodic review of the Government's financing operations. To have no limit at all

might encourage extravagance and give rise to an unfortunate inflationary psychology. Last year the President, in his Budget message, conceded that a definite debt limit had some value as a "fiscal monitor."

The proposed limit of \$125,000,000,000 virtually doubles the Treasury's borrowing power. This is the third increase since the original \$45,000,000,000 limit was established in 1935. When the emergency defense program was first instituted in 1940, it became necessary to increase the limit to forty-nine billions in order to help finance the initial defense appropriations. At that time the \$45,000,000,000 limit had been exhausted in financing previous deficits incurred in connection with the so-called recovery and relief program. As the defense program was expanded, it became apparent that a further increase in the debt limit would be necessary, and last year it was raised from forty-nine billions to sixty-five billions.

As I have previously stated, the increase to one hundred and twenty-five billions will only carry us through the next 15 months, with a small margin of safety to take care of contingencies. The Secretary of the Treasury has indicated that it will be necessary next year to ask for a further increase to new heights which as yet are unpredictable. In other words, there is no telling how much the national debt will have to be increased before victory has been won and post-war rehabilitation has been achieved.

In view of this outlook, it is clear that we must expect to pay higher and higher taxes so as to minimize the necessity for borrowing as much as possible, and we may expect to bear this still higher level of taxes for years and years to come.

Even when we have eventually succeeded in balancing revenues and expenditures, we and those who come after us will still have to assume the tax burden necessary to retire the staggering national debt which will have been piled up.

When the national debt shall have reached the \$125,000,000,000 limit now proposed to be authorized, it will virtually equal the assessed valuation of all real estate in the United States. Yet we have no alternative but to grant the Treasury such authority.

This war must be won, whatever the cost, and the Treasury must be given the necessary funds with which to finance it. Insofar as we are not able to raise the money by current taxes upon the people, it must of necessity be raised by borrowing.

That leads to the very interesting question as to when we are likely to reach the limit of the ability of the people to bear increased taxation without actual confiscation.

While our expenditures for civil purposes are but a small part of the total wartime Budget, they still are high compared with former years. At a time when all our efforts are being concentrated on winning the war, when our boys in the service are offering their lives in defense of our country, when our citizens are being called upon to make sacrifices at home, it is not too much to ask

that the nonmilitary services of the Government make some sacrifice in their spending.

We should establish priorities on the taxpayers' dollars as well as on critical materials. Every dollar saved on civil expenditures is one dollar more for war purposes, and one less dollar that has to be raised by taxes upon the people or added to the national debt to be paid out of future taxes.

The Joint Committee on Nonessential Federal Expenditures has shown how savings aggregating one and one-half billions can be made, and is now making investigations to determine how further reductions can be effected without impairing essential functions of government. The Congress owes it to the people of the United States to bring about these economies. As the minority members of the Ways and Means Committee said in their concurring report on last year's tax bill:

The same critical state of affairs which calls for an increase in taxes also requires that nondefense spending be drastically reduced, and all unnecessary and wasteful expenditures completely eliminated.

If the Government is going all out for national defense, and all out for taxes upon the people, it is compelled both by necessity and by a regard for its obligations to the taxpayers of the country to also go all out for economy.

The gentleman from New York [Mr. REED] touched very effectively on the subject of economy. The people are demanding that we reduce nonmilitary expenditures, and their demands will increase as they begin to feel the impact of the higher taxes we imposed in the last revenue act and contemplate in the new bill now under consideration in the Ways and Means Committee.

Mr. Chairman, I shall not go into the collateral provisions of the pending bill, as they have been clearly explained by the gentleman from North Carolina, the chairman of the Ways and Means Committee. The bill has the unanimous support of the minority members of the committee and should likewise be unanimously supported by the House.

[Here the gavel fell.]

The Clerk read as follows:

*Be it enacted, etc., That this act may be cited as the Public Debt Act of 1942.*

Mr. WOODRUM of Virginia. Mr. Chairman, I move to strike out the last word and ask unanimous consent to proceed for 2 additional minutes.

The CHAIRMAN. Is there objection to the request of the gentleman from Virginia?

There was no objection.

Mr. WOODRUM of Virginia. Mr. Chairman, I hope we, as legislators, and the people of the country realize what is happening today. Our distinguished President said last night that he did not think the American people were complacent. Maybe that is not the right word, but today we are placing a mortgage on the homes, the farms, the business, the productive capacity, the inventive genius, and the future earnings of the American people. We are raising that theoretical and potential mortgage from \$65,000,000,000 to \$125,000,000,000. There are



not very many Members on the floor, and none of us is very much excited about it. Maybe we are not complacent. Maybe we are like a fellow down in my district, a colored boy, who had a mule he was very anxious to sell to one of his neighbors. He invited this neighbor to come over to the barn lot and take a look at the mule. Of course, he was very anxious that the mule should make the very best showing. He and the other colored boy hung on the fence and looked at the old mule and while they were standing there the mule kicked his heels up in the air and without rhyme or reason went down the road head on into a brick wall at the other end of the lot, fell down, and finally scrambled to his feet. The prospective purchaser said, "My goodness, he is blind." Sam said, "No; he ain't blind—that mule ain't blind." The other man said, "He is obliged to be blind—look what he did." He said, "Oh, you just don't know that mule—that mule just don't give a damn."

Now, maybe we do not, but \$125,000,000,000 is a good many dollars. There are but two ways that it can ever be written off the books. One is the shameless way of repudiating or having printing-press money, and the other is the American way, which is the one we will adopt, and that is to take it out of the hides of the American people in the way of taxes. Taxes not alone against the big corporation, not just out of the mahogany desks and the gilded vaults, but out of the toil, the work, the grime, and the sweat and the blood, and the sacrifice of the people of America. That is where we will get it. It will be more than \$125,000,000,000 before we are through because we have got to win this war. It is going to take money to win it, and we are going to have to pay for it. We can shorten the war if we wish or we can prolong it. It will be prolonged if we continue our complacency and continue to think and to legislate for groups and particular individuals and sections.

My plea today to the Congress on this great event is that whatever we may have done in the past, certainly from now on let us have one objective in our expenditures. Let us try to manufacture and build and send instruments into the battle line that will shorten the struggle.

I have no sympathy with the man who says we might lose. We are not going to lose. We cannot lose. It has never been in the cards that we would lose. We have got to win, but let us win quickly, because not only will we save money, not only will we save public debt, but we will save American lives.

It is now just as important to protect the economic front as it is to win on the battle front, and when this war is over, as it will be over, there will come a day when the battle flags are down and when men, weary of fighting and killing and destroying and devastating, will turn again to peaceful ways, and then we will start upon the long and tortuous and tedious process of trying to liquidate these billions of debts that today we so complacently think about and act upon.

The call today is for us to lay aside special considerations and special groups. Let us quit thinking about the farmer,

let us quit favoring the laboring man, let us quit thinking about political fortunes, and turn every ounce of our attention and energy to winning this war and to shortening it. Then, like the Greeks of old, who used always to fight among themselves, but when the battle cry would come from the frontier, they would go out and lick the enemy and then come back and start their local quarrels all over again with renewed vigor. This is what we must do. Let us try to cut nonessential expenditures. We can do this every day in this House. Oh, it may be only a few million dollars, and that does not sound very big in the language of billions, but I say to you that if the message could go out to the hard-pressed, discouraged, and questioning people of America today that the Congress is on the job and was going to lay aside personal considerations and partisan advantage and think only of our total effort to win the war, there would then be a different feeling in this country.

Of course, we are going to adopt this resolution. We must adopt it because we have got to finance this great struggle.

[Here the gavel fell.]

Mr. DISNEY. Mr. Chairman, I move to strike out the last word.

Mr. Chairman, somewhat in repetition of some things I said yesterday on this floor, pay day is here. We have had a splendid time in America, but pay day is here. In 1910 our population was 90,000,000, and in 1940 it was 130,000,000. In 1913 our total Federal appropriations amounted to \$700,000,000; in 1940, to \$9,000,000,000, exclusive of the emergency defense. In 1918 the total appropriations for the Agriculture Department were \$38,000,000, as was said on the floor yesterday. In 1937 those appropriations went up to one and one-half billions. In 1916 the appropriations grew from those in 1913, of \$700,000,000, to \$1,030,000,000; and, regardless of administration, regardless of partisanship, grew to \$9,000,000,000 in 1940.

What is the debt service now on the present debt? Something like one and three-quarter billion dollars a year. What would the debt service be on \$125,000,000,000? It cannot possibly run less than \$3,000,000,000 a year, and probably more nearly to \$4,000,000,000 a year. If we are going to continue our current Budget, and let those expenses mount in the next 25 years as they have mounted in the last 25 years, one can visualize what the annual Budget may be. It has increased practically tenfold since 1916, from \$1,000,000,000 to \$9,000,000,000. After this war the debt service will be between two and four billion dollars a year. If the current Budget hangs around \$9,000,000,000, as in 1940, and you add that to the debt service of three to four billions annually, and then, after the war, possibly billions of dollars for relief. We are not going to be satisfied with a small Army and Navy after this war, at least for many years, so we can visualize the billions of dollars for the Army and Navy. Consequently, how can we contemplate anything less than an annual Budget of about fifteen to twenty billion a year under those circumstances?

If we do have a budget of that size, how are we going to pay it?

We took the leap in 1913 with the sixteenth amendment. Governor Hughes, of New York, vetoed the resolution for the ratification of the sixteenth amendment, saying that rates might get up to 10 percent. Those rates were 1 percent then for individuals and 1 percent for corporations. Then the orgy of spending began. Cities and municipalities followed suit with the Federal Government, and in 1938, while our national income was down to \$64,000,000,000—up from a few years before, but low to what it is now—\$64,000,000,000, and the total in national income of all of the people, of all of the money earned, was \$64,000,000,000 plus. How much money did we spend that year for government, so-called? Eighteen billion five hundred million dollars. In other words, nearly 30 percent of the people's money went for government. For government? Maybe you would call it that, but less than 25 percent of the money we appropriate goes for government per se—the protection of life and property. The rest of it is something else—a movement, if you might call it. Congress has wasted money, as you all know. It can talk splendidly, when discussing taxes, about the reduction of expenses, but when it comes to appropriation bills, Congress stupidly goes down the line, at the behest of the Departments, and votes the money.

Under permission granted me by the House, I place in the RECORD at this point the following speech:

SPEECH BY HON. WESLEY E. DISNEY, OF OKLAHOMA, BEFORE THE TAX FOUNDATION, WALDORF-ASTORIA HOTEL, JUNE 3, 1941

Many of you have read the story told by Kipling in his Jungle Book about the little boy Mowgli who was raised in the wolf family. When all the members of the jungle decided to leave upon the invasion of the wild dogs, whose prowess was due to their traveling in packs of from 200 to 500 per pack, Mowgli decided to stay and defeat them. Those of you who have read the story know that he did not use an elephant, a lion, or a tiger for this purpose; they had already fled. He used the little stinging people—bees, wasps, and hornets—no one of which could have had any effect whatsoever alone, but through the cooperation of several million of these tiny creatures the great scourge of the jungle was put to flight.

Our Nation has brought to the average man the greatest luxuries and comforts known in the history of the world. If you wish to save this established form of government from the destruction of unlimited inflation, socialism, or dictatorship, it cannot be done by calling upon the elephant, lion, or tiger, such as our industrial giants, financial leaders, or great statesmen. No one of these great powers alone can save our system of commerce, industry, and living. Like Mowgli, we must call upon the millions of little people, each one of whom will be powerless alone, and must get them behind the great needs of today. I know of no organization better equipped to educate, influence, and arouse the millions of little people to the necessity of their taking part in these great problems, not the least of which is eliminating \$2,000,000,000 of unnecessary governmental expense—than the organization which I have had the honor of addressing tonight.

When Secretary of the Treasury Morgenthau appeared before the Ways and Means Committee to open the hearings on this

year's tax bill, he recommended to the committee that the Congress raise an additional \$3,500,000,000 in taxes. The enormous size of this tax bill so impressed the Secretary that he recommended very definite savings in nondefense expenditures to the extent of a billion dollars. His language was that of genuine statesmanship. He said:

"We are now awake to the need \* \* \* to make this country safe and strong. We have not, however, kept pace with events in our thinking about defense and nonrelief spending. We have remained curiously static in our conceptions of what to spend on those things not directly connected with defense. Ordinary traffic must now get to one side to let planes and tanks and guns have the right-of-way. Other traffic can be permitted only if it does not obstruct the national purpose."

"We have not reexamined all of these expenditures that have been sort of grafted onto the Government during the last 10 years. We go on just the same."

Obviously, the Secretary of the Treasury was alarmed, because we had before us the 1942 Budget, amounting to \$19,000,000,000. He hoped that by current taxes—an additional tax bill—we could raise two-thirds of this amount and borrow the other third. Since that date the President has recommended to the Congress, Budget estimates which will run the 1942 Budget figure up to \$22,169,000,000—nearly \$5,000,000,000 more than the estimate in his January 3 message to Congress. Now, Mr. Morgenthau wonders if we don't need a still bigger tax bill.

Secretary of Commerce, Jesse Jones, has stated that our national debt, as a result of the war, will climb to \$90,000,000,000. Some think that it will be more, even exceeding \$100,000,000,000. Our national debt is at present \$47,600,000,000, with additional deficit debits of \$12,800,000,000; and the State and municipal debt is approximately \$20,000,000,000.

It has been stated on good authority that our 1942 fiscal deficit will exceed \$10,000,000,000.

In the face of these enormous figures, the Treasury Secretary suggested saving a billion dollars. I later suggested means of cutting nearly 2 billions from the current Budget. Both seemed a mere bagatelle when compared with a year's expense of 22 billions.

Defense is mandatory. Its expense must be met. Many nondefense items can wait, if they are ordinarily necessary.

It will be well to take a view of our fiscal history in order to correctly approach the subject. In the last 40 years extravagance in Government has been tolerated by the people. It has constantly grown in volume. The responsibility for such expenditures, great or small, rests primarily on the administrators of Government, but ultimately on the whole people of the Nation.

Governmental expenditures fall, roughly, into two groups. The first includes payments for Government per se; that is, the protection of life and property. This represents the cost of primary or fundamental functions of Government. The second group is mainly for the support of social welfare activities of Government. Roughly we might state that the first group of expenditures represents 25 percent and the second group 75 percent of what we spend on Government.

Unusual expenditures in Government have grown steadily in the past two or three generations. For instance, expenditures of State government increased 437 percent from 1903 to 1922. The passage of the sixteenth amendment to the Constitution of the United States, the income-tax amendment, marks the beginning of the epoch of increased expenditures for government of all types and kinds, and of easy acquisition of money by the Government from the taxpayer. Its enactment really marks the date of the great

spending era in America. You will remember that Governor, now retiring Chief Justice, Hughes vetoed the resolution in the New York Legislature ratifying the sixteenth amendment because he was afraid the rates might reach as high as 10 percent.

The sixteenth amendment took the lid off spending, so far as the Congress is concerned, and the Federal Government began to spend heavily. The State and local governments followed suit, so that we find that while in 1916 total Federal expenditures were \$1,034,000,000, at least one department spent more than that much money annually in the Budgets of recent years.

Within 10 years after that, during the era from 1923 to 1932, the annual Federal Budgets ran between three and four billion dollars.

A Federal Budget of \$1,034,000,000 in 1916. In 1940 it reached almost \$9,000,000,000, exclusive of the emergency-defense Budget. If the last quarter of a century has produced such results, what may we expect in the next 25 years? That is, if we expect to continue to think of money with relation to our fiscal policies?

The exact figures are available for the year 1938 for Federal, State, and local expenditures. The run like this: The grand total was \$18,300,000,000, divided as follows: Federal, \$7,691,000,000; State, \$4,358,000,000; and municipal, \$6,150,000,000. In that year our total national income was \$64,000,000,000. A quick calculation based upon these figures shows that almost a third of the people's money went to government and that in times of peace

Remember that three-fourths of this money spent, went not for the primary purposes of government, for the protection of life and property, but for social welfare. This vast fiscal growth of the Federal system is largely accountable to the growth of administrative or bureaucratic public administration. The growth of boards, bureaus, commissions, and departments has necessarily been attended by the vast expenditure of tax money.

For illustration, in 1916, as I have said, the total Federal Budget was \$1,034,000,000, yet since 1937 the budget of the Department of Agriculture has vastly exceeded the whole Federal Budget for 1916.

In 1928, the Congress spent \$845,000 for the franking privilege at Government expense. The executive departments spent six millions. Ten years later the Congress spent \$737,000, but the taxpayer paid for the franking of free mail by the executive department the staggering sum of \$39,000,000. The publicity departments, and each division has one, must have spent much money in preparing the material to frank out.

These are but illustrative of the general trend. It might interest you to know that the fiscal year 1940 saw the traveling expenses of the Government reach \$99,000,000 plus. Our national symbol, Uncle Sam, rode high, wide, and handsome that year, but the fiscal year 1941 will see him spending \$150,000,000 for traveling expenses. The first 4 months of this fiscal year showed a Federal travel bill of \$47,000,000.

We, in the Federal system, cannot retrench as against the defense program. Even the waste and extravagance necessarily attendant on a large and speedy program such as we are embarking on will be tolerated by the people. So our only recourse is to attack those expenditures which are not related to or attendant on defense.

There are no signs that the States and municipalities intend to cut their budgets in behalf of the taxpayers who are to be burdened with this fearful national defense program.

The old slogan "Soak the rich," is ceasing to be realistic even for the purpose of demagoguery. If the Government took every dime of all individual net incomes in the United States over \$50,000 in 1938 it would have col-

lected only \$1,056,222,000. If the Government had taken all the net incomes above \$5,000 in 1938, the yield would have been \$6,702,582,000—less than that year's annual current Budget. If we soaked both the rich and the middle-class taxpayers and took all their net income, the Government would raise just about enough money to pay the current annual expenses.

Remember, again, that only one-fourth of this money spent goes for the primary objectives of Government—the protection of life and property. A colloquy at the hearing before my committee between a member of the committee and the college president I have referred to, brought the suggestion from the member that the economies the college man was calling for could not be accomplished unless the local interests should cease putting pressure upon the Congressman. The college president very properly replied in substance, "During the spending psychology of the recent years, each community assumed that the Government has already planned to spend several billions each year for the purpose of creating prosperity, and therefore reasoned that it was up to them to get as much as they could of the Federal largess for themselves. Now that we are in a different era, where economy and saving is paramount, I believe that if Congress will take the initiative, not only state that the reduction of unnecessary nondefense expenditures is imperative, but actually use the knife and pare these expenses to the bone, the communities will probably say 'Congress is right in taking this step during the emergency, and we must do all that we can to assist in this economy wave and must refrain from embarrassing our Congressman by requests for expenditures.'"

Returning now to the prime object of this address—the curtailing of nondefense appropriations. A curious phenomenon is arising: Every bureau and department of the Government whose existence or whose appropriations are threatened by the demand to go "all out" for defense, and to trim nondefense items, has evolved some type of scheme or system to prove their necessity or worthiness as defense projects. The National Youth Administration, due for a cut of about ninety-two millions if Secretary Morgenthau's advice were followed, secured a "defense budget" of about \$157,000,000.

It will not do to say that these nondefense agencies can be transformed into defense agencies. They cannot by a wave of the hand be given attributes and functions they like. They are subject to all manner of local, State, and Federal political influences. Their administrators cannot say "No"—as a practical matter. The Army can, and by the very compulsion that is involved in the Army organization prevent any type of logrolling that is necessarily involved in the relief agencies. The Army can and does enforce the \$21 a month wage upon the draftees. Actual defense projects necessarily imply Army organization and compulsion. It would be playing with defense to permit these relief agencies to pretend to be defense agencies.

There is hardly a single function of Government at present that cannot be colored with some defense characteristics. But real money needs to be spent on real defense, unless this whole thing is simply a great, good-natured drama, with an overweening desire to please the audience.

The Secretary of the Treasury was specific in his suggestions. He did not mince words nor dodge the issue. He suggested that National Youth Administration, Civilian Conservation Corps, and Work Projects Administration appropriations could probably be trimmed or disposed of and that for agriculture could be drastically reduced, and he recommended a careful study of other functions of Government with a view to saving the money spent on them, and the use of it for defense. Immediately all the forces of



departmental propaganda went into action. Defeatism and futility were the chief weapons. "It just can't be done," was the principal argument. The Secretary's suggestions were made to the Ways and Means Committee, which under the rules of the House of Representatives has no jurisdiction over appropriations. Immediately it was said that the Ways and Means Committee was helpless, although it claims to be the most powerful policy committee in the House. That atmosphere has pretty well settled down over Congress that nothing can be done about it. But every individual Member admits that something ought to be done.

Work Projects Administration, Civilian Conservation Corps, National Youth Administration were all organized for relief. Yet now they are claiming to be defense projects. They are creatures with overlapping functions and conflicting jurisdictions. Three great overheads are maintained for these institutions; all relief departments. But, for illustration, the President of a little college in Arkansas solemnly told the Ways and Means Committee that the average income of the individual in Arkansas was \$255 and of an average family in Arkansas \$969. He emphatically stated and proved to the committee that for the cost of one boy in a Civilian Conservation Corps camp he could give four boys in his college a year's education. How failure to economize can be justified cannot be explained to an American taxpayer. It is insolence to attempt it.

These bureaus, boards, commissions, departments, and divisions grow and grow like the Rose of Sharon. Each head of a subdivision is working industriously to justify his division's existence, to be promoted in salary, and to enlarge the jurisdiction, scope, and appropriation of his division, be it big or little. It is easy to say that Congress "Just ought to cut them out." I wouldn't be personal for the world, but you businessmen know the difficulty involved in disposing of a department in your corporation, or even of firing a deserving stenographer, or maybe one not so deserving. During the depression an oil company's board of directors decided to retrench. The board concluded that the retrenchment was mandatory and that a certain department must go. A resolution was passed dispensing with the geological department, disposing of the employees, and eliminating their salaries. One hard-headed director said this didn't do the job. The other members inquired why. He replied, "We've got to sell all the desks, typewriters, rugs, lamps, cuspidors, and get them clear out of the building. If we don't, in 3 months some of us will see those offices filled up again with employees."

If it is this difficult in a private business, do you not realize how much more difficult it is in government, under political pressure, with Uncle Sam a sort of magic Santa Claus paying the bill?

To pass a \$3,500,000,000 tax bill and cut no expenditures will come home squarely to the taxpayer with the \$2,500 salary, who has been paying \$11 taxes, if and when this amount jumps to \$72; to the \$5,000 taxpayer, now paying \$110, if when his taxes jump to \$506; to the \$10,000 taxpayer (as for instance a Congressman), if when his annual Federal tax jumps from \$528 to \$1,628.

Especially will this come home since these taxes are retroactive to January 1, 1941, and most especially when excise taxes to the amount of nearly \$1,000,000,000 are being raised on many of the necessities of life these taxpayers buy. These are the Treasury's proposals in the present tax bill. We may have to adopt these proposals. Then there are the so-called hidden taxes which the Twentieth Century Fund says run to large amounts annually for the individual.

The 1942 fiscal year Budget totals \$6,675,000,000 of nondefense items. Of that sum,

fixed charges, like interest on the public debt, pensions, etc., amount to \$2,716,000,000. The balance of \$3,959,000,000 could be reduced in part and eliminated in part. For instance, various aids to agriculture are budgeted for \$1,061,600,000. I would cut that to \$500,000,000, especially since agriculture should do well under the defense spending program, and agriculture will get much indirectly from the lend-lease appropriation.

Work Projects Administration is budgeted for \$1,034,000,000. The President has recommended a cut of \$109,000,000. I would reduce it to \$500,000,000.

General public works should be reduced to \$250,000,000 from the \$502,900,000 budgeted.

Aids to youth, represented by Civilian Conservation Corps and National Youth Administration, should be eliminated, saving \$362,600,000. These two relief agencies, even though we retain the Work Projects Administration, should be eliminated, because they do not represent defense and do not represent any type of relief that could not be taken care of by the \$500,000,000 for Work Projects Administration which I have suggested.

The magnitude of the defense program in its general aspects staggers the imagination. As I have stated, our national annual income in 1938 was \$64,000,000,000. If, in the near future, as Secretary Jesse Jones says, we are to have a national debt of ninety, and maybe one hundred, billion, and a State and local existing debt of \$20,000,000,000, the disbalance baffles any fiscal student, even any prophet. We might ask "Whither are we going?"

Remember that the Congressman nowadays is the errand boy of the Frankenstein called the executive department. His ability as statesman is gaged by his prowess in procuring Federal largess—Federal projects.

One of the most vocal advocates of economy of government has been the United States Chamber of Commerce. It has been heretofore militant on all occasions on this subject and has drawn the fire of the spenders. However, you members of that great organization or of local chambers of commerce know that it is composed of chambers of commerce all over the Nation. We have heard much about minority groups—I think pressure groups, if you please. It can hardly be contradicted that during the era of spending that has gone on in the last few years local chambers of commerce have been among the heaviest contributors to pressure upon their Congressmen. Pressure to get things from the Government for the locality, and pressure to keep them after they are gotten. Yesterday the President suggested \$125,000,000 for defense roads. Probably tens of thousands of letters will flow to the Congress from local chambers of commerce showing definitely that these roads ought to be located in their vicinities, and the feeder roads headed in the direction of the local chamber of commerce should be added. Nobody ought to fool himself about this pressure weighing heavily with the Congressmen.

This is not intended to be mere ranting about the cost of government, nor the learned display of taxpayers' figures. It is rather intended as an approach to the consequences of the outline detailed. Several observations may be made about these fiscal circumstances.

First, the thoughtful student of government should be impressed with the tremendous growth of power in the executive department in recent generations, as evidenced by the figures adduced. It amounts to turning over the purse to the executive branch of government, and the necessarily attendant obsolescence of the legislative department. Then, too, the immense influence of a highly financed executive department gives it all power over every activity of the citizen, as well as decisive control over the judicial system and the final direction of the legislative department. It will not do to say that America is going the way of all the republics, and to let it go at that. America has the brains

and should have the will to reevaluate its three branches of government. Modern history clinches the argument for this necessary step.

Another important consideration is the welfare of the Nation after this emergency is over. It is not unreasonable to suppose that a cessation of defense activities after the emergency will slump our national income as much as ten to twenty-five billions of dollars. With the return of soldiers to civilian pursuits, and the loss of defense employment to others, we can visualize vast unemployment. Then, for the first time in the history of our country, we will come into a depression with a monumental public debt staring us in the face. I may emphasize its possibility when I tell you that Leon Henderson said before the Ways and Means Committee the other day that by May 1942 we would be spending \$2,000,000,000 per month for defense.

If we do have a debt of \$90,000,000,000, as Secretary Jones has said, the interest on that debt would range around \$3,000,000,000 a year. From 1923 to 1932, our total national expenses had a range of about that same figure. In those equally serious days to come, where will we turn for financial relief, if we are not wise enough to economize now to the extent of one or two billion dollars per year on altogether nondefense items? Do we not have the wisdom to look that far ahead? Will not the thinking people of America awaken?

With the necessity of vast sums then for relief, where will the money come from? In what shape will the Government's credit be? Will not some string-band statesman suggest the devaluation of the gold content of the dollar, holding out to the people as a prize the twenty-two billions of gold we have stored, and convince them that by proper manipulation it could be made to represent eighty or one hundred billion dollars in Government credit and spending power? When he has succeeded in those blandishments, what will be the value of the savings of the people, their investments in things of value, their years of thrift in accumulating life insurance?

The press says that England looks forward to a social readjustment after the war. We have seen all values wiped out in Germany, France, Italy, and Russia—or at least reduced to a fraction of their original value. France devaluated the franc and Germany the mark. They all moved into some form of socialism, where individual initiative, private ownership, the stirring of ambition through financial incentive went down the road of modern barbarism in those countries. Those inflationary movements in our sister nations were preceded by, or accompanied with, various forms of socialism.

I hope and trust that through Government control we will be able to prevent a destructive inflation, but is the hope realistic when we see a system of priorities that will so "scarcen" the peoples' goods that consumer demand will outrun production; when we observe that every strike is settled on the basis of increased wages, with no apparent thought of its ultimate effect; when we see scarcity and increased prices in all manner of manufactured and raw materials arising on every hand; when we see production held down by penalty under a wage-hour system; and when we see the possibility that individuals and corporations may follow the "business as usual" attitude of the Government instead of thrift, economy, and the paring to the bone of nonessentials. If we do have such inflation, the inevitable drift is toward the socialism England so complacently contemplates, the socialism that made the people, in their sweat of agony in France, in Germany, in Russia, and in Italy, turn away from their legally constituted authorities, yearn for and finally demand a dictatorship which ultimately took charge of

them, their families, their religion, their private fortunes, and their very future hopes and aspirations. Are not the seeds we are sowing those of home-grown fascism and nazi-ism, which we so much fear and despise?

The ancient civilizations of the world in turn flourished, gradually declined, and disintegrated. If there is one thing that history teaches in unmistakable terms, it is that nations, like individuals, prosper according to their right thinking, and that the idolatrous exaltation of a material sense of power and intelligence inevitably leads to decay and downfall. Dictatorship is that idolatrous exaltation of the material sense of power.

This day will pass. Moral might is stronger than all the guns and ships fashioned by the hand of man.

Disappointed with all his worldly achievements, Napoleon in his solitude, in deep contemplation, said, "Alexander, Caesar, Charlemagne, and myself have founded empires. But upon what did we rest the creation of our genius? Upon force! Jesus Christ alone founded His empire upon love; and at this moment millions of men would die for Him." Pitted against an alert, free, active world public opinion, the rampage of the present-day forces of evil cannot endure. Their predecessors failed upon the rock of the unseen spiritual forces asserted by mankind.

Democracy is the highest spiritual idea of mankind as related to government. True democracy is alert, active, and awake. True democracy rests in the bosom of the individual citizen. He is king in his own right if he but assert it. From his activity comes the strength of his Government, the symbol of his concept of democracy.

In the insane asylums, it is an accepted scientific fact that one of the first signs of returning sanity on the part of an inmate is his expressed ability to cooperate with other inmates and attendants. Those that are completely insane think only of their personal welfare and do not cooperate. In our own country there has been too much of each community looking out for its own interest, in making its demands upon the Federal Government. This is because the individuals who compose the communities have each thought only of their own interest. The individuals and the communities seemed to have had a slogan, "Every other community is getting what it can, so let's make certain we get ours." This is exactly the attitude of the inmates of the asylum who are completely insane, having no thought for anything but themselves. If the various individuals and communities that comprise this great Nation can be educated and influenced to cooperate for the common good, which would, of course, include economy in government, would it not be a welcome sign of returning sanity? Marshal Petain, after the French debacle, said, "After our victory in 1918 we became a comfortable, pleasure-seeking nation. We asked for more than we were willing to give. We refused to accept responsibility. Now we are in distress."

The CHAIRMAN. The time of the gentleman from Oklahoma has expired.

Mr. CROWTHER. Mr. Chairman, I rise in opposition to the pro forma amendment. I do not think I shall use the 5 minutes allotted me, but in line with the information just given by the distinguished gentleman from Oklahoma [Mr. DISNEY] as to what the carrying charge will be for the debt that is now facing us, I again call attention, and refresh your memory as to the fact that we still owe \$15,000,000,000 of the last war debt. That is the portion of the present national debt that is attributable to World War No. 1. It is a part of the

\$65,000,000,000 that we owe now, and up to December 1941, we have paid nearly \$15,000,000,000 in interest on that debt. So the interest charge equals the balance we still owe. That will give gentlemen some idea of what the interest charge, the carrying charge, will be on a debt that may reach from \$125,000,000,000 to \$165,000,000,000 within 2 years. I think I realize the seriousness of it all and I have as much apprehension in regard to its economic importance as has the gentleman from Oklahoma [Mr. DISNEY] who has from time to time warned us against extravagant expenditures.

It was significant that at the hearing on this bill before the committee when the Secretary of the Treasury appeared with his experts, aside from a few newspapermen at the press table, there were just 17 interested spectators to hear the evidence and hear the Secretary's statement on this \$125,000,000,000 debt limit bill. But only 3 or 4 days before, when the Secretary appeared on the tax bill, on the question of how, when, and where to raise \$9,000,000,000, the room was filled to capacity and people were leaning against the walls all around the room. Overcome by the magnitude of the proposal no doubt many of the audience found it necessary to lean against the walls. We shall all be leaner in flesh and pocket before this war is over. I am glad that the gentleman from Oklahoma [Mr. DISNEY] realizes the seriousness of the situation. I do not know what the answer is. I have sometimes been heralded by the press of my State as an ultra-conservative. I think sometimes I am more liberal than some of those who classify themselves as liberals, but when I think of that interest charge I begin to wonder if my distinguished colleague from Texas [Mr. PATMAN], the gentleman from Mississippi [Mr. RANKIN], and some of the others, have not manifested a degree of accuracy in the statements they make and the policy they advocate of relieving the Federal Government of the necessity of paying this interest charge on its own obligations.

Mr. RANKIN of Mississippi. Mr. Chairman, will the gentleman yield?

Mr. CROWTHER. I yield.

Mr. RANKIN of Mississippi. I will say one thing in our favor, they have tried the very opposite and it has failed, as we all admit here today.

Mr. CRAWFORD. Mr. Chairman, will the gentleman yield for a question?

Mr. CROWTHER. I yield to the gentleman from Michigan.

Mr. CRAWFORD. I wish to ask the gentleman a question about the language on page 3, lines 3 to 11, of the bill, which in my opinion positively ties in to the recent authority granted by this House to the 12 Federal Reserve banks to buy issues directly from the Treasury. Would the gentleman care to comment on this particular language?

Mr. CROWTHER. I thought we had disposed of that question in the other bill. There was never any suggestion in the hearings that this was a resumption of that policy or that it was intended to supplant it. I am certain there was no such suggestion made to the committee.

If anybody else on the committee thinks there was, I would be glad to yield for the purpose of correction.

Mr. COOPER. Mr. Chairman, will the gentleman yield?

Mr. CROWTHER. I yield.

Mr. COOPER. The gentleman from Michigan asks a question with respect to section 4 of the pending bill?

Mr. CROWTHER. Yes; section 19.

Mr. COOPER. I think the gentleman will find a complete statement explaining that on page 3 of the hearings, paragraph 3.

Mr. CRAWFORD. Will the gentleman yield further?

Mr. CROWTHER. Certainly.

Mr. CRAWFORD. What I was seeking was a discussion of this language as related to the language in the bill which the House approved the other day authorizing the 12 Federal Reserve banks to buy issues direct from the Treasury.

Mr. JONKMAN. Mr. Chairman, will the gentleman yield?

Mr. CROWTHER. I yield.

Mr. JONKMAN. This bill will directly place a mortgage of \$1,000 on the back of every man, woman, and child in the United States, will it not?

Mr. CROWTHER. Yes; and the Secretary of the Treasury said it was worth it. He said it would cost us a great deal more to lose it than to win it.

Mr. JONKMAN. Provided we get value received.

Mr. CROWTHER. On that I will not venture a prophecy.

[Here the gavel fell.]

Mr. PATMAN. Mr. Chairman, I move to strike out the last two words, and I ask unanimous consent to proceed for 5 additional minutes.

The CHAIRMAN. Is there objection to the request of the gentleman from Texas?

There was no objection.

#### THE UNBORN WILL PAY FOR OUR FOLLY

Mr. PATMAN. Mr. Chairman, I say in all seriousness that the unborn will pay the price of our folly if we permit the Government to pay interest on this huge war debt. I agree we should sell the bonds to the public, not because we are compelled to do it, but because it will have a tendency to retard inflation if it is done. But not one dollar's worth of bonds should be sold to private commercial banking corporations that create money out of thin air by simply a bookkeeping transaction, and then sell the use of that fictitious money that is created upon the Government's own credit, to the Government itself to pay the cost of this war.

#### WILL PAY \$2 AND MORE FOR EVERY DOLLAR BORROWED

This \$125,000,000,000 means \$250,000,000,000 and more by the time this debt is paid. As the distinguished gentleman from New York, Dr. CROWTHER, said a while ago, on \$15,000,000,000 of Government bonds that were sold during World War No. 1 to finance that war, we have already paid \$15,000,000,000 in interest, and we still owe the bonds. We will pay two or three dollars for every dollar that we borrowed of that \$15,000,000,000.



No one can possibly say it is right that for every dollar we pay to a soldier we should pay to the people who create that dollar another dollar for the use of the created dollar. No one present can say that for every dollar of the cost of this war we shall unnecessarily and wastefully and extravagantly pay another dollar or more to people who create that money upon the Government's own credit.

Mr. KNUTSON. Mr. Chairman, will the gentleman yield?

Mr. PATMAN. Not just now.

The other day I was discussing this matter with a well-informed Member of this House, one of the oldest Members of this body. He has studied it for months and years. He told me that the plan that had been advanced by me was absolutely right and sound. He said the reason it is not accepted is because it is too simple. It seems absolutely absurd. It is simple, my friends, just this simple, that Congress, this Congress, has delegated to corporations that are owned by private banking corporations the power to issue money upon the Government's credit. Those corporations take that money that they create upon the Government's credit, and nothing else in the world, and buy bonds with it, take those bonds and put them in their lockboxes and collect interest on them every year.

I pause for any person in this House to stand and say that that makes sense. I do not believe they will. It does not make sense.

Mr. GIFFORD rose.

Mr. PATMAN. Does the gentleman say it makes sense?

Mr. GIFFORD. Yes.

Mr. DEWEY. Will the gentleman yield?

Mr. PATMAN. Does the gentleman from Illinois say that makes sense?

Mr. DEWEY. Will the gentleman yield?

Mr. RANKIN of Mississippi. It just makes sense with a few on the other side of the aisle. I would like to ask the gentleman a question.

Mr. PATMAN. I yield for a brief question. I only have a short time.

Mr. RANKIN of Mississippi. The gentleman from Texas points out the great burden this is going to place on future generations. Is there not also a grave danger that those generations may repudiate what we do and refuse to pay these bonds?

Mr. PATMAN. I agree. If the debt limit reaches the point that many people believe, and if we continue to pay interest on it as we are doing unnecessarily now, the time will arrive when the American people will not be able to pay a sufficient amount in taxes to pay the running expenses of the Government and the enormous interest burden.

As disclosed by the gentleman from Oklahoma, the amount of interest we shall pay this year is double the entire Federal Budget of 1914, at the beginning of the first World War. Imagine that! And now there is a good reason why we find ourselves in this situation. In other words, we just slowly crept into paying interest, paying no attention to it. For the first 125 years the interest burden did

not amount to anything—\$2,000,000 or \$3,000,000 a year—nothing; absolutely nothing; comparatively nothing. The World War came on, and then the interest burden commenced to increase. Our debt increased. It went up, and then an effort was made—a successful effort—in 1921 to convince the American people that a huge national debt was in the interest of the people because it enabled banks, insurance companies, trust estates, and different institutions to invest their funds in a backlog of security that was liquid, and actually sold the American people on the theory that we should continue to pay \$1,000,000,000 a year in interest, although it was unnecessary interest.

#### FEDERAL GOVERNMENT SOVEREIGN

The Federal Government is sovereign. It creates the money, it creates the credit. If we want to farm it out, that is possible, we can do it; but it is unnecessary to do it, it is not required. Many people would say that that was just printing the money; but that is not true in this case, absolutely not true. It is a case of adopting the same system we have today. You would have not one additional dollar in circulation of actual physical money, not one. The only difference would be that you would save the Government from \$1,000,000,000 to \$4,000,000,000 a year in interest that it should not pay. I agree with the gentleman from Virginia that a debt contracted should be paid; although it requires suffering, and blood, sweat, tears, sacrifices, and everything else to pay it, it should be paid, every debt that is contracted; but we should not be required to pay unnecessarily \$2 and \$3 in interest to private corporations to create that money upon the United States Government-owned credit for every one dollar borrowed. That simply does not make sense to me.

We are told this obligation we are creating, \$125,000,000,000 will be a mortgage—not upon the homes and farms, as the gentleman from Virginia said, but it will be a mortgage upon the productive capacity and the earnings of the American people until it is paid unless you change the system you are now engaged in. The reason it is not a mortgage upon the homes and farms is this: We have \$300,000,000,000 of tangible properties in this country, homes, farms, and real estate that pay no taxes whatsoever toward the Federal Government, not one penny is paid for the cost of this war by that property, but if the property makes a profit after all the deductions that are allowed, then upon that profit only a small amount will be assessed to pay off the bonds that are created under this bill. The same is true as to intangible properties. There are \$400,000,000,000 of intangible properties in this country, some bonds that are absolutely untaxed and not a penny of tax assessed even upon their income—\$400,000,000,000. This makes \$700,000,000,000 in all that pays no tax whatsoever toward the support of our war effort, not one penny. The men who are in and will go to service, 5,000,000 or 6,000,000 of them, possibly more, many of them will receive \$21 a month, and very few of them will

receive any more than necessary for their keep. When they go home, however, they will assume the burdens of this Government. Upon their shoulders will rest these enormous responsibilities we are now placing upon the American people. They will be required to pay. We should not make them pay unnecessary interest.

[Here the gavel fell.]

Mr. CRAWFORD. Mr. Chairman, I rise in opposition to the pro forma amendment.

Mr. Chairman, I wish to make a few remarks directed to the bill. Referring to page 2, it seems to me that the language in lines 2 to 11 is entirely in order and that under our new financing program the Treasury will be in great need of the right to proceed in this manner.

Subsection (b) is a very fine change in the law, as well as subsection (c). But going to page 3, section 19, lines 3 to 11 of the bill, that language gives me great concern. It is of as much importance to me as to who holds and owns these obligations when issued, as is the total amount of the obligations to be issued. It seems to me that the only chance on earth we have of avoiding repudiation of the public debt in subsequent years is to have the ownership of that public debt greatly diffused among the people of this country. I mean by that that tens of millions of our citizens should own these issues of the Treasury, whether in short term, long term, in the form of savings certificates or what not.

The other day the House passed a bill after the bill had first passed the Senate. The bill went through the House in dissimilar form. It is pending in conference now. That bill provided that the twelve Federal Reserve banks may purchase issues of the Treasury directly without going through the open-market mechanism. This language on page 2, lines 3 to 11, of the bill now being considered, in my opinion, has a very distinct and highly important and direct relationship to this previous act I have mentioned. It seems to me that the language as set forth here, and that of the bill which went through the House the other day, has a relation which enables the Secretary of the Treasury to call in from present owners, should he for any reason deem it advisable to do so, any and all of the obligations now outstanding and any and all future obligations which may be outstanding in the hands of others, let us say, than the 12 Federal Reserve banks. In other words, it appears to me this language we are now about to approve, and I think it is absolutely futile to talk against it, will empower the Treasury to siphon out of the ownership of all of our individual citizens, lending institutions, and so forth, the issues which they now hold and proceed to saddle the total ownership in the hands of the 12 Federal Reserve banks.

I do not know what would cause that to happen. And I am not charging that the Treasury has in mind having it happen. But the possibility is there, unless I misread the language. Should that happen, we prepare a way for a political pressure group, operating through the machinery of politics, and the Congress,

to repudiate the debt on the ground that the ownership is highly concentrated, and therefore the public has no particular interest in it.

Mr. RANKIN of Mississippi. Will the gentleman yield?

Mr. CRAWFORD. I yield to the gentleman from Mississippi.

Mr. RANKIN of Mississippi. The gentleman from Michigan suggested a while ago that the way to prevent that was to diffuse these bonds into the hands of millions of our people.

Mr. CRAWFORD. Yes.

Mr. RANKIN of Mississippi. As a matter of fact, that was tried in the last war, but those small individuals had to sell those bonds, and they gravitated into the hands of the wealthy class. Will that not happen again?

Mr. CRAWFORD. That was because of the type of issue at that time. This language provides that the Treasury may put out a dissimilar type of issue, therefore that liability will not exist in the minds or the portfolios of the individuals; but in the absence of wide diffusion of ownership you have prepared the way for a future repudiation so as to scuttle the equities of those few people who do hold Government issues at the time.

Mr. RANKIN of Mississippi. Is there anything in this bill that would enable the Government to force a continuation of that diffusion and to keep these bonds from gravitating into the hands of a few wealthy individuals?

Mr. CRAWFORD. No. I would say that this language here accelerates the gravitation and the concentration.

Mr. RANKIN of Mississippi. Is there any way to prevent that?

Mr. CRAWFORD. Under the language here in the bill, I am sure the Treasury could—and I mean any Treasurer—so manage the public debt that the general public would have little knowledge of what was actually going on. Of course, the monetary and fiscal experts could keep abreast of developments and policies and practices, but there would not be anything like the public information that is necessary to be divulged under the policies as followed at present.

It is my frank opinion that we have taken two steps which, when added together, are dangerous and I may say quite unnecessary. I cannot believe that we have yet reached the hour in our national existence, and I now speak from a fiscal-policy standpoint, where it is necessary for us to extend such vast powers to the Treasury. There is no reason for us to assume that Mr. Morgenthau would use these powers to hide the credit status of the Government. If Congress will go so nearly all the way toward having our people, both large and small, acquire an investment interest in the issues of the Treasury as we have gone in extending powers to the Treasury, I think that would be safer and more constructive from every standpoint. The real question is: What will best improve the investment status of the issues of the Treasury? Unless the Treasury exercises restraint in the use of these powers, they can easily prove disastrous. If the powers are used only in cases of emer-

gency, all may be well. If not so used, Congress may yet be forced to take back some of these powers now being granted. If future requests are made for an extension of these powers, Congress should force a showing of the exact use to which the powers have been put; otherwise those in charge of Treasury operations can go far afield of the legislative intent and the justifications for the powers granted.

The gentleman from Texas [Mr. PATMAN] amazes me by suggesting that postal-savings deposits carry the same weight as actual investments in direct Treasury issues. Of course, they do not. Furthermore, the undistributed earnings of the Federal Reserve banks are assets and as such can be used to support the market on Government bonds.

Mr. VOORHIS of California. Mr. Chairman, I move to strike out the last three words.

Mr. Chairman, it is true that this bill presents the problem that America faces. In my judgment, it does no good to talk about national bankruptcy. Our Nation is not going to go bankrupt, not as long as our people are able to work and our industries continue to function and our farms to produce. We shall not go bankrupt—not if we have any sense at all. We have got to finance this war and we will.

Already several Members have spoken of the things I have most in my mind to say. In the Philippine Islands there is a little army under General MacArthur that is putting up the most splendid fight that is being put up anywhere in the world today, and this army is partly composed of Filipino soldiers. On the other hand, I notice a headline in the paper that one of the gentlemen had in his hand to the effect that some of the natives of Burma are actually attacking the British.

What is the difference? The difference is hope. The difference is the fact that the Filipino people have a hope of freedom; of a better life in the future because of the policies this country has pursued. The people of Burma do not feel such a hope. May I point out to you that there are two impulses that drive people to heroic action. One of the impulses is the courage of desperation and the will to survive. The other one is the courage of hope and idealism. When you get into a war you have got to have one or the other of those two kinds of courage. The first kind cannot come to America until it is too late. What I mean is, when we get to the place where we are fighting for survival, where our own country is threatened with invasion, where all the rest of the world has fallen, then the war will have gone so terribly against us that only a miracle can save us. We have to inspire in the people of America the courage of hope in the future and the courage of a great American ideal. That is part of winning the war.

Gentlemen have already pointed out the extent of the interest burden that will be involved in this debt. Nor will the debt stop at \$125,000,000,000. When it does go beyond that I hope we will not hang a lot of crepe over the matter, but

will face the thing as men. It is not necessary to pay interest on our Nation's own credit. To the extent that some one gives up his money to buy Government obligations, of course interest should be paid to him; but to the extent that a bank creates demand deposits to pay for Government obligations, whether it be a Federal Reserve bank or any other kind of a bank, the thing that backs those deposits and the credit of that bank is the credit of the United States itself, its taxing power and the power of the people to produce wealth. The bonds themselves can be used as collateral for the issuance of Federal Reserve notes.

The simple fact is therefore that when bonds are sold to banks for book credits, the Government receives from the bank nothing in the world except a portion of the public credit that belonged to the Government and the people in the first place.

My plea is only this—that where new credit or new money is created—it should always be the Nation as a whole that derives the benefit from that act.

We have given to the Federal Reserve banks the privilege of being banks of issue. Some day the House is going to have to face the simple fact that a debt that is a non-interest-bearing debt can be paid off when, as, and if it is good policy to pay it off, but a debt that is an interest-bearing debt hangs a burden on the people that increases as time goes on. And yet the same production of wealth by the people and the same power of the Government to tax that makes good the interest-bearing debt can the more easily secure the value of and back the non-interest-bearing debt. Part of the hope of our people may be involved in our understanding these things as time goes on.

For my part, I do not think we can consider anything that comes before us now from the standpoint of a battle between economy on the one hand and expenditures on the other. Certainly there is no point today in spending any money we do not have to spend. Certainly also we must do all those things that are necessary to be done to build the strength of our country and provide not only the matériel of war but all the other things necessary for victory. Neither do I think we can consider these questions from the standpoint of the advocates of the New Deal or of those who would like to destroy the New Deal and establish an old deal. I think those things must be secondary in times like these. I believe that very sincerely, indeed.

There are certain gentlemen in the House who will disagree with me in some of the things I may feel are very important to the winning of this war. That is their privilege. But I say that, for my part, I shall not vote for anything unless I believe it is going to help our people to carry through and win this war. There is no virtue in preserving an agency for its own sake. But neither is there any virtue in destroying an agency just for the sake of destroying it. That is not the point. The point is, Does this thing help to win the war? I agree perfectly with the gentleman from Virginia about that. But I do not think it necessarily follows



that we should pursue an extreme conservative course when we say that. Indeed, I submit that it is to the common people of this whole world—yes; and some of them are not of the white race; the Chinese have stood against this thing longer than anybody else—that we have to look for ultimate success. Most of all, it is to the common people of our country that we must look. And, after all, this war must be their war, fought for their benefit and for a brighter future for their children. That must be so because it is the people who fight the war, the people who suffer because of it.

Yes; the people want us to see the things that are wrong, they want us to criticize them and they want us to correct them. That is one thing they seek.

But I am sure they would agree that we should do justice by the farmers as a group. I am sure they would want us to protect as best we can the family sized independent farm unit. I am sure that when we attack the industrial problem the American people want us to be just as angry about excessive profits as about any unreasonable demands on the part of labor. And I think, too, they would like to see from time to time that we are laying down just principles upon which the future of America and the world can be built—that those principles of equality of sacrifice, full production and employment and protection of health which will help to win the war we will establish now and that other principles which are just and truly American we may hope to achieve when the war is over. The people of any nation are willing to bear burdens for the success and protection of their country and do it willingly just so long as they feel that all other people are bearing their fair share and just so long as they feel that it is necessary to build the future for their children. Those are principles that we may well follow as we consider these things.

But always there must be hope—hope of a brighter tomorrow. And I believe that even now there is necessity that the House understand that there are two things, not one, that make for victory. The first is the military power of the Nation, and the second is the courage and spirit of the people. To neglect the second of these is to render the first of too little avail.

[Here the gavel fell.]

Mr. GIFFORD. Mr. Chairman, I rise in opposition to the pro forma amendment.

Mr. Chairman, I often have to arise following the gentleman from Texas. He says this problem is so simple and it is so absurd. It is. It is indeed simple. Every other nation that has tried it has found it very simple. They have printed money and every informed person knows the result. No economist is yet with him, but he seems to think there are none here agreeing with him. I rose at his challenge, and I think almost everybody else would rise if they were forced to do so on a vote. Yes, it is very simple. Simply print the money.

He recognizes two classes, however. He believes, as the last speaker said, that

if you take money from the people the Government should pay them interest, but if you take the money from a bank of issue like the Federal Reserve, no interest should be paid.

The Federal Reserve holds my people's money. My people deposit their money in the member banks and thence to the Federal Reserve. When they use all money on hand paying the bills of the Government, then, of course, they can use the bonds to get more money. All this is so simple. It is absurd, is it not, that the Government should get money for nothing? Simply print it. How much? Why not pay all its bills and recall all outstanding debt by this process?

In one breath they say this Nation will never welch on its debt, but in another breath they begin printing money the way other nations have done. That is the way they repudiated their national debt; Germany entirely; France three-quarters of it, deliberately, by this method of printing money. Yes; it is indeed simple and absurd. It is so absurd that my command of language is insufficient to properly condemn it.

Some 2 weeks ago I anticipated this. I wrote several persons, one of them a very important economist, on this matter. He simply wrote me a letter saying, "It is too absurd to argue about. There are other nations enough who have tried it, other nations just as smart as we, and the result is for anybody to read." It was entirely disastrous. Yes; it is all so simple. Probably we all fully understand it. How many here dare to try it out?

I wanted to say a few words about cutting expenses. I have been away a few days, but I have had the pleasure of reading the RECORD each day from beginning to end. I had the time on the trains to do so. I perhaps followed more closely the doings of the last week than if I had been here, because I would have gotten tired of hearing you talk, but I could read it all easily and in comfort.

Today, I hear voices raised pleading that we cut expenditures. I thought of 1934, 1935, and 1936, when those same voices were asking us to spend money by the billions, by blank checks, fighting as they claimed only another kind of a war. I was found opposing and trying to get them to cut down those huge amounts. I am not new at this cutting business. I received condemnation and sarcasm aplenty from those who are now willing to cut down. However, it is nothing new with me to wish to cut largesses.

I want to share with you a secret, if it is such. Last week, I met a lot of people. I had not been away from here for months, and I thought it was time I looked around a bit. I say to you that the public at large is pretty sore at this Congress of ours.

The soldiers' folks back home are saying we are still granting subsidies to all sorts of people while their boys are fighting and receiving but little. The taxpayers are really aroused, and yet we are granting subsidies to farmers who already have parity, and a week ago we

cowardly refused to do away with the 40-hour law. I voted as 1 of 11 over here, and yet I am indicted with all of the rest of you as being cowardly. I rather think such criticism is deserved. I can talk plainly today. I have heard from the voters, and they are talking plainly, too. If we do not soon exhibit real courage and vote against these subsidies, there will be many new faces here.

I plead with you to show such courage. Do not say we should not pass a bill because the President might not like it or because the other body would not cooperate. When labor refused to work on February 22, how do you suppose the people in the country felt? How the boys in the Army felt? This is not the result of a few letters or interviews. It is in the hearts and minds of the people that Congress has been cowardly in its actions here.

[Here the gavel fell.]

Mr. GIFFORD. Mr. Chairman, I ask unanimous consent to proceed for 3 additional minutes.

The CHAIRMAN. Without objection, it is so ordered.

There was no objection.

Mr. GIFFORD. I am very anxious to give you this message. I am not indicting anybody. I have pleaded for the Congress during the last week and tried to explain why certain things have or have not been done. It has been difficult. I have tried to show that we are not promoting unity by constantly criticizing Congress and the administration. However, I think I should talk plainly about the condition of mind of the people in general. I do not enjoy criticizing these conscientious Members, like my friend from California, who would endorse this "printing of money fallacy." I noticed what the gentleman from New York [Mr. CROWTHER] said, but he did not quite endorse it. He said that he sometimes wondered if those advocates might not be right in their contentions. When I give my note a credit is set up at the bank, and then I spend the money. They have a deposit there no longer. I want to say emphatically that when the Government can print money without interest, citizens should have the same privilege. The Government must not go into such competition against its own citizens. The Congress has the power to coin or print money and fix the value thereof for the use and benefit of its people, not for itself. I hope you get that.

Mr. RANKIN of Mississippi. Mr. Chairman, will the gentleman yield?

Mr. GIFFORD. I yield.

Mr. RANKIN of Mississippi. Let me call the attention of the gentleman from Massachusetts to the fact that during the Civil War—

Mr. GIFFORD. Oh, I know all about that.

Mr. RANKIN of Mississippi. Abraham Lincoln issued \$346,000,000 and it is still out and we have saved \$11,000,000,000 of interest on it.

Mr. GIFFORD. Perhaps so, but I can say to you that you can print a little money and you can print it in proportion to the valuation of the Nation and you

will get safely away with it. You can take a little arsenic and the doctor will recommend it, but if you take very much of it, what happens?

Mr. VOORHIS of California. Mr. Chairman, will the gentleman yield?

Mr. GIFFORD. I yield.

Mr. VOORHIS of California. May I ask the gentleman if he does not believe, as between the interest-bearing debt and the non-interest-bearing debt, that the same question in both cases will have to be answered ultimately, namely, how much of it there is, and although the gentleman insists on identifying the contraction of the non-interest-bearing debt with the issuance of money, does he not agree that the only difference in either case is the danger that more money or more credit will be put into circulation—

Mr. GIFFORD. I absolutely agree.

Mr. VOORHIS of California. Than the business situation and the production of the country will justify?

Mr. GIFFORD. Yes.

Mr. VOORHIS of California. And does not the gentleman believe it is quite as possible we could actually control inflation and deflation whether the monetary situation was controlled by the Congress as with the system which up to date, so far as I know, has never succeeded in doing that?

Mr. GIFFORD. No; it never would be controlled. It has never been controlled by governments that have tried it. It has always proved a method of repudiation and you personally abhor the thought of that.

[Here the gavel fell.]

Mr. COOPER. Mr. Chairman, the Committee is willing to be exceedingly liberal in affording debate under the 5-minute rule—

Mr. RANKIN of Mississippi. I think the gentleman ought to be liberal with the time. We are rather liberal with the debt limit.

Mr. COOPER. Mr. Chairman, it is understood that another extremely important bill, vitally necessary for the prosecution of the war, is to be considered today, and I hope we may reach some understanding as to what further debate there may be on the first section, which simply gives the title of the bill. In order to get some understanding—I see five gentlemen now standing—I ask unanimous consent that all debate upon this section and all amendments thereto close in 25 minutes.

The CHAIRMAN. Is there objection? There was no objection.

Mr. RANKIN of Mississippi. Mr. Chairman, I ask unanimous consent to revise and extend my remarks.

The CHAIRMAN. Is there objection? There was no objection.

Mr. RANKIN of Mississippi. Mr. Chairman, it is necessary that we extend the debt limit in order to provide funds to finance this war; but I call attention to the fact that our financial policy which has been followed for the last 25 years, has utterly failed.

I was one of the men in 1933, who, over the opposition of the gentleman from Massachusetts [Mr. GIFFORD] secured the passage of the bill giving the President

the right to expand the currency, to issue \$3,000,000,000 against the gold that we had at that time.

If that policy had been followed, instead of the policy that was pursued, we could have raised prices to their normal levels, restored prosperity to the American farmers, started business on its way to recovery, and saved the American people a great deal of the agony through which they have passed for the last 8 years.

The gentleman from Massachusetts sweeps aside with a wave of his hand the fact that Abraham Lincoln used the credit of the Government to issue currency with which to fight the Civil War, and I understand there is about \$346,000,000 of that currency outstanding. We have saved \$11,000,000,000 in interest on it since that currency was issued during the War between the States.

I know it is being said, that the New Deal is more dynamic than fascism and more revolutionary than communism—more dynamic than fascism, which means has more power of destruction, but I repudiate the statement that the New Deal that we started is more revolutionary than communism. The New Deal, as I understood it, was written in the Democratic platform, which was preached to the American people. It meant restoring prosperity and maintaining our institutions, our system of government, our economic system and way of life. It did not mean sweeping aside all religious institutions, it did not mean taking a man's home away from him, or taking his grain away from him and starving his wife and children to death, as has been done in other countries. It did not mean stirring up race trouble for the people of the South and now for the Nation as a whole, but it meant the restoration of normal prosperity in a normal way. That is what would have taken place if we had followed the policy advocated by the gentleman from Texas [Mr. PATMAN], myself, and Senator THOMAS of Oklahoma in 1933.

Gentlemen talk about what is going to happen to this debt. Our first duty is to win the war; it does not matter what it takes; but when the war is over there will have to be a readjustment of our entire fiscal system in order to prevent a collapse. You will have to expand the currency. You may call it inflation. That is what you called it when we wanted a reasonable control of expansion in 1933. They held up the German example, where they had purposely put on an uncontrolled inflation in order to wipe out all internal debts. We are leaving a burden for the people of future generations with enough gold buried in the ground in Kentucky, if reasonably used, to have financed this war, and I have been in favor of doing it, and I am in favor of doing it now. I am in favor of breaking up the labor racketeering and putting a stop to certain selfish individuals and some men whose patriotism is questionable, slowing down our defense program. I am in favor of letting the farmer's prices rise to normal levels, which would be practically twice what they are today. We can take the gold now buried in Kentucky, and take our

own government machinery, and take back into the hands of Congress the power to coin money and regulate the value thereof, restore prosperity, raise the funds to fight this war, and not leave the American people with a burden of debt they will never be able to pay.

The CHAIRMAN. The time of the gentleman from Mississippi has expired.

The Chair recognizes the gentleman from New Jersey [Mr. McLEAN].

Mr. McLEAN. Mr. Chairman, the discussion this afternoon emphasizes the need of reducing nonessential expenditures. We talk a lot about it, but progress is slow. The national debt still pyramids. What we call nonessential expenditures continue, and the present exigencies are the excuse for creating new ones.

It is erroneous to say that this bill increases the debt limit. It leaves the inference that the amount stated is the total amount of the indebtedness of the Government and the limit beyond which Government expenditures cannot go. Such is not the fact. The law which this act would amend is the Second Liberty Loan Act. It does not fix a debt limit. It only limits the amount of Government obligations which the Secretary of the Treasury may issue. The law when amended will read as follows:

The face amount of obligations issued under the authority of this act shall not exceed in the aggregate \$125,000,000,000 outstanding at any one time.

The national debt can and does exceed that amount, because the limit so fixed does not take into consideration expenditures authorized by appropriations made, projects for which appropriations are anticipated, nor accounts payable, disbursements in anticipation of the collection of taxes, constantly accruing debt charges, and obligations of agencies guaranteed by the Government. It is, however, the only method by which we can readily visualize the Government's financial situation. Judged by that yardstick, I venture to direct your attention to our increasing national debt.

When we entered World War No. 1 the national debt amounted to slightly over a billion dollars. There was added to that twenty-six billions of the cost of the war. Of the total amount of these items \$11,000,000,000 had been paid by 1933, and there remained a national debt of fifteen billions when the present administration took command. This amount is still owed, plus whatever has been added since Inauguration Day, 1933.

Our present debt, which we are about to authorize the Secretary of the Treasury to fund, is estimated at \$125,000,000,000. That is to say, that \$125,000,000,000 is the amount for which the Secretary of the Treasury must be authorized to issue bonds to meet maturing obligations and provide for new obligations of the Government.

The impression is abroad that this entire indebtedness is due solely to expenditures occasioned by the national-defense program and wartime necessities. The fact is that when the war came upon us Government obligations amounted to fifty-six billions and the difference between that amount and the fifteen bil-



lions still owed on the war debt of World War No. 1 (approximately \$40,000,000,000) is the unpaid cost of the experiment of spending our way back to prosperity by wasteful spending and boondoggling during the 9 years of the present administration. It is toward the elimination of what remains of the activities which caused this deficit and to prevent the creation of others to replace them that attention must be directed.

It is fair to say that some progress has been made, and that in the consideration of appropriation bills there has been some evidence of a purpose toward retrenchment, but we cannot too often review our present situation in the light of activities of the recent past, and in anticipation of the greater demands that must be met in the immediate future. A reduction of nonessential expenditures and the elimination of what remains of those activities which were based on the principle that we could spend our way back to prosperity should and must have our immediate and thoughtful consideration.

Mr. CELLER. Mr. Chairman, I move to strike out the last five words.

Mr. Chairman, concerning the expansion of the public debt I want to call the attention of the Members to certain practices obtaining in the Treasury Department with reference to the increase of that public debt.

The practice of the Treasury Department at the present time with reference to social-security taxes is as follows: The social-security taxes as they are gathered are placed, in common parlance, into a common pot like all moneys that come into the Treasury. When the Secretary of the Treasury needs money he puts his dipper into the well as it were and draws out funds and puts back an I O U. In other words, those who are subject to social security taxes are bearing an unjust burden. In a way they pay for a part of governmental expenditures, whereas those not subject to the tax do not bear the burden of defraying the cost of such expenditures. This was not intended by the original act or its amendments.

Mr. COOPER. Mr. Chairman, will the gentleman yield?

Mr. CELLER. In just a moment. Let me finish my statement.

When the act was before the Ways and Means Committee, the Secretary of the Treasury appeared before the committee on February 5, 1935, and had this to say:

Under our proposal the Federal Government would guarantee an investment return of 3 percent on all receipts from the pay-roll and earnings taxes that were not currently disbursed in benefit payments. Such sums would be used progressively to replace the outstanding debt with the new liability incurred by the Federal Government for old-age annuities. To the extent that the receipts from old-age annuity taxes are used to buy out present and future holders of Government obligations, that part of the tax revenue that is now paid out to private bondholders will be available for old-age annuity benefits, thereby minimizing the net additional burdens upon the future.

The purpose, as announced by the Secretary of the Treasury, was to replace

old obligations—that is, existing obligations—with the funds that would be received from the social-security taxes. That is not being done now. New obligations are being issued by the issuance of these I O U's as the moneys come into and are used by the Treasury. That means that one segment of the population, which is subject to social-security taxes, is paying an undue proportion of the general expenses of Government and for the war effort. That means that domestics, lawyers, doctors, farmers, farm hands, all Government and State employees, self-employees, welfare and charitable workers, and so forth, who are not subject to social-security taxes, do not bear the burdens that employers and employees generally bear when they pay and are subject to the social-security tax.

Mr. COOPER. Mr. Chairman, will the gentleman yield?

Mr. CELLER. I now yield to the gentleman from Tennessee.

Mr. COOPER. The gentleman is just as far wrong as he possibly could be, I regret to say.

Mr. CELLER. If the gentleman will read the social-security reports which I have on my desk and which I have read, and the statements that come from the Treasury Department, I do not think I will be found to be wrong at all.

Mr. COOPER. Certainly the Social Security Act requires the payment of interest on the so-called trust fund. Does the gentleman think the United States ought to pay interest on those funds and not use the money?

Mr. CELLER. Not at all.

Mr. COOPER. All right.

Mr. CELLER. The interest is paid into the social-security fund. I agree to that. But instead of taking the funds to discharge theretofore issued obligations of the Government, new obligations are issued, and the debt is increased. That is what I am quarreling about. Certainly, the Secretary of the Treasury, I believe, is not justified in his practice. I have confidence in him. He may be improperly advised in this regard, but he is increasing the debt where he should be in the position of discharging the obligations of the Government with these social-security taxes.

These taxes should be deemed a sacred insurance trust fund. These taxes are not treated as a sacred insurance trust fund.

By making this statement, I do not intend to disparage the Secretary of the Treasury nor the Treasury. They are doing a good job. I do not always agree with their views; nevertheless, they have a difficult task to finance this war effort and are doing a good job. That does not preclude my criticizing, nonetheless.

Mr. MAY. Mr. Chairman, will the gentleman yield?

Mr. CELLER. I yield.

Mr. MAY. Does not the gentleman believe that those people who are making deductions out of their earnings now ought to have that fund kept sacred so that they will be protected in their old age?

Mr. CELLER. That is what I am driving at, but that at present is not the case.

Instead of what the gentleman from Kentucky implies, the debt is increasing.

The Treasury Department issued a statement November 18, 1937. Among other things, it said as follows:

Section 201 (b) of the act places a duty upon the Secretary of the Treasury to invest such portion of the amounts credited to the old-age reserve account as is not, in his judgment, required to meet current withdrawals. Such investments may be made only in interest-bearing obligations of the United States or in obligations guaranteed as to both principal and interest by the United States. For such purpose such obligations may be acquired (1) on original issue at par, or (2) by purchase of outstanding obligations at the market price.

It had made a similar statement at the same time concerning the unemployment trust fund.

When the Secretary of the Treasury made the statement before the Ways and Means Committee, which I mentioned before, and when the Treasury Department made the aforesaid statement, and when the Social Security Act was passed, there was no thought that the taxes collected under the Social Security Act would be used to increase the national debt, but the thought was, rather, that the act would be administered for the purpose of purchasing and retiring existing obligations.

I am simply rising today to call attention to these facts. The practice indicated should be corrected.

[Here the gavel fell.]

Mr. KNUTSON. Mr. Chairman, I ask unanimous consent that the gentleman have 2 additional minutes.

Mr. COOPER. Mr. Chairman, I make the point of order that that is not in order. The time has been fixed.

The CHAIRMAN. The Chair recognizes the gentleman from Ohio [Mr. SMITH].

Mr. SMITH of Ohio. Mr. Chairman, I do not see the chairman of the Ways and Means Committee on the floor at the present time, but I rise to ask of someone a question or two. Perhaps the gentleman from Tennessee [Mr. COOPER] can answer me. I am not clear as to what limitation is placed in this bill, H. R. 6691. You have here a figure "not to exceed an aggregate \$125,000,000,000." That does not cover guaranteed obligations, does it?

Mr. COOPER. The \$125,000,000,000 figure, of course, covers bonds, securities, and public-debt obligations of the Government.

Mr. SMITH of Ohio. But does it cover what we call guaranteed obligations?

Mr. COOPER. There is a provision in the bill with respect to obligations issued by agencies of the Government, where the principal and interest are secured by the Government.

Mr. SMITH of Ohio. That is true; but the gentleman still has not answered my question whether this \$125,000,000,000 covers outstanding guaranteed Government obligations.

Mr. COOPER. And the purpose of that provision is to assemble all Government obligations under the Treasury Department.

Mr. SMITH of Ohio. But the provision in this act does not require that that be done.

It is not mandatory, as I understand it. Am I correct?

Mr. COOPER. That is correct.

Mr. SMITH of Ohio. Then it does not necessarily cover guaranteed obligations. Does this \$125,000,000,000 cover R. F. C. commitments? Certainly not; because if it does not cover the one it does not cover the other. What about Treasury notes and bills now outstanding or to be issued in future? Does this \$125,000,000,000 cover Treasury notes and bills, those short-term obligations?

Mr. REED of New York. Mr. Chairman, will the gentleman yield?

Mr. SMITH of Ohio. I yield.

Mr. REED of New York. It covers the short-term obligations.

Mr. SMITH of Ohio. Does it cover all short-term obligations?

Mr. REED of New York. Yes.

Mr. SMITH of Ohio. Does the gentleman from Tennessee [Mr. COOPER] state that this is a fact, that it covers all short-term obligations?

Mr. COOPER. Certainly; there is no doubt it covers the obligations of the Federal Government of all types issued by the Treasury Department.

Mr. SMITH of Ohio. Regardless of the length of the maturities?

Mr. COOPER. Long term, short term; all of them are contemplated under this coverage.

Mr. SMITH of Ohio. Now we come to this question: A few days ago we passed the second war-powers bill. Under that act the Federal Reserve banks were given authority to purchase directly obligations from the Treasury. An amendment was added which was supposed to limit the amount to \$5,000,000,000, but there is question as to whether it will do this. As a matter of record, I wish to know whether, in the judgment of the gentleman from Tennessee, this bill places a limitation on the amount of such obligations which the Federal Reserve banks may purchase? I am speaking now of the Federal Reserve banks purchasing directly from the Treasury. Does this act limit that amount?

Mr. COOPER. The Federal Reserve bank, of course, cannot buy these bonds unless the Treasury Department issues them; and all the bonds the Treasury Department issues are covered by this limitation of \$125,000,000,000.

Mr. SMITH of Ohio. Inasmuch as this bill does not cover indirect obligations, or what are known as guaranteed obligations, it appears that there is no debt limitation whatsoever in this act. I am not arguing against the proposed limitation, but I would like to have the public and Congress know the facts about the matter. There is nothing in this act to limit the amount of guaranteed obligations that may be issued.

Mr. COOPER. Certainly. Section 2 of the pending bill reads as follows:

The face amount of obligations issued under the authority of this act shall not exceed in the aggregate \$125,000,000,000 outstanding at any one time.

Mr. SMITH of Ohio. Certainly, but the words "this act" refer back to the Second Liberty Bond Act. Does the Second Liberty Bond Act cover guaranteed obligations?

Mr. COOPER. The various acts of Congress relating to the R. F. C. and all of those agencies fix the question of how much they can issue, and so forth.

[Here the gavel fell.]

The CHAIRMAN. The Chair recognizes the gentleman from Kansas [Mr. LAMBERTSON] for 5 minutes.

Mr. LAMBERTSON. Mr. Chairman, you may think I am speaking out of order, but if you will have patience you will find I am not. We had a program on the air last night, the ninth anniversary of the birth of the farm program. I was there with the start. I went to the White House with the committee in the beginning and asked for it. We went there with a group of farm leaders. They and some young brain trusters were present, men who helped to give us a spending administration. I remember very vividly at a preliminary meeting in December down at the Harrington Hotel four men sitting together with their arms around each other: Ezekiel, Morgenthau, Myers, and Tugwell. I went to the White House 9 years ago with others to ask for this farm program for the emergency. I voted against the A. A. A. when they made it a permanent farm policy.

In the deficiency subcommittee this morning we had an item for \$100,000,000, a Budget estimate for something brand new, something in line with these four young men who were going to roll up their shirtsleeves and make the world over—and they have been making it over ever since. This \$100,000,000 was to take the place of the \$300,000,000 the Ways and Means Committee turned down to tide over in Detroit particularly the sit-down strikers, while their jobs were being converted from peacetime production to wartime production. This is the first time that aid was ever asked to be given with no reference to need. How strange it came to the House the day we were asked to raise the debt limit to one hundred and twenty-five billion.

Mr. Chairman, I will come right to my main point, and read a paragraph I found in a New York paper yesterday. We have something besides debt ahead of us. We have the debt all right, but we have something else besides that which the changes have helped to bring us. Now, there are no headlines to this, and it has reference to what appears to be an ordinary labor-union election in New York. This reads as follows:

Although the old administration running with left-wing support retained 6 of the 10 business agents and lost the key post of business manager by a margin of only 44 votes out of 2,872 cast, Mr. Dubinsky said he regarded the outcome as particularly significant because it had been feared that Communists in this country would capitalize on wartime sympathy for Soviet Russia to strengthen their position in the American labor movement.

He said the victorious candidate for business manager, Louis Hyman, who defeated the incumbent, Isidore Sorkin, by 1,458 to

1,414, had campaigned on a program of all-out aid for Russia but no Communist domination of America.

Now, as I stated, there is no headline to that. This man campaigned in a labor-union election on an American program and against communism, and he wins by only 44 votes out of nearly 2,900. We have said a lot about labor leaders, and we have condemned them, but here is the rank and file that voted and a man who was avowedly against communism won a victory by only 44 votes in 2,900, and this was in a New York labor election during the last week.

That is what we are getting out of this war and out of this regime, besides debt. We have had wages and hours, prevailing wages, and so forth, that have piled up the billions to make up the \$125,000,000,000 debt. No other influence has done it like these two labor acts and other things we have created that were done for the unfortunate and the subnormal purportedly, but used by those who get the highest wages in the world. We have a disadvantage not only of 10,000 miles in the Pacific, we have a disadvantage in this country on the cost of labor. We have an abnormal distortion over here. You talk about parity, and the Chief talks about it, and we are going to talk about it again tomorrow. We have not finished it yet. Labor is running wild in defense on wages and policies while getting 300 percent more than it got in the old World War. The farmer is appealed to to hold down inflation while this thing is allowed to go on unaltered.

[Here the gavel fell.]

The CHAIRMAN. All time has expired.

The Clerk read as follows:

SEC. 2. Section 21 of the Second Liberty Bond Act, as amended, is further amended to read as follows:

"SEC. 21 The face amount of obligations issued under the authority of this act shall not exceed in the aggregate \$125,000,000,000 outstanding at any one time."

SEC. 3. Section 20 of the Second Liberty Bond Act, as amended, is further amended to read as follows:

"SEC. 20. (a) Any obligations authorized by sections 1, 5, and 18 of this act, may be issued on an interest-bearing basis, on a discount basis, or on a combination interest-bearing and discount basis, at such price or prices and with interest computed in such manner and payable at such time or times as the Secretary of the Treasury may prescribe; and any such obligations may be offered for sale on a competitive or other basis under such regulations and upon such terms and conditions as the Secretary of the Treasury may prescribe; and his decision with respect to any such issue shall be final.

"(b) Any obligations authorized by this act and redeemable upon demand of the owner or holder may, under such regulations and upon such terms and conditions as the Commissioner of Internal Revenue with the approval of the Secretary of the Treasury may prescribe, be receivable by the United States in payment of any taxes imposed by the United States.

"(c) Any obligations authorized by this act may, under such regulations and upon such terms as the Secretary of the Treasury may prescribe, be issued in exchange for any obligations of any agency or instrumentality of



the United States which are unconditionally guaranteed both as to principal and interest by the United States at or before their maturity."

Mr. PATMAN. Mr. Chairman, I move to strike out the last word.

CHARGE OF PRINTING-PRESS MONEY FLIMSY  
EXCUSE

Mr. Chairman, I ask for this time to answer the gentleman from Massachusetts [Mr. GIFFORD]. I know that a phrase oftentimes is more effective than an hour of logic and reason. The only thing that one can say to justify the unnecessary burden of interest is to give an excuse, not a reason, by saying it means printing-press money. You know, people are afraid of printing-press money and by using that phrase it will cause a lot of people to think that there must be something to it, that we must not adopt this plan because it is printing-press money, when in truth and in fact it is not true that the plan I propose would give us one extra dollar of money to be put into circulation.

I call as my witness the Secretary of the Treasury of the United States, Mr. Henry Morgenthau. When he was on the witness stand before the Committee on Banking and Currency I asked him if, instead of selling interest-bearing bonds to the 12 Federal Reserve banks and receiving credit upon their books for the amount of the bonds, that non-interest-bearing bonds be delivered to these 12 banks and they were compelled to take them—and we have the right by law to do that—and provide for no interest, if that would give us any extra money to be put into circulation. He answered through Mr. Bell, his assistant, who said it would not. Any person who has studied it will agree that is true.

Why in the world one should say if you do not pay interest it is printing-press money I cannot possibly understand, if he has given the subject adequate consideration. The gentleman from Massachusetts [Mr. GIFFORD] is honest in his views. He is just as sincere as he can be. I do not question that in the slightest or impugn his motives, but I do not agree with him that the Government should pay 4-percent interest, or any other amount, on its obligations that are sold to the banks. Understand, I am perfectly in accord with the program of selling Defense bonds and savings stamps to the public generally, not because we have to but because it has the tendency to retard or impede inflation. That is the only reason in the world I am in favor of that. But remember this, that one of these days the people are going to turn those bonds loose. They are going to want their money. When they do, the Government will go to the commercial banks and let them create the money on the Government's credit and pay the commercial banks for that privilege. That seems absolutely idiotic. It does seem idiotic to any person who has studied it that we would let a private bank create the money, just as Mr. Eccles said.

I said:

Mr. Eccles, you have \$2,000,000,000 in Government bonds in the 12 Federal Reserve

banks. Where did you get the money to buy those bonds?

He said:

We created it under our right to create money for the Government.

He is exactly right, and the gentleman from Massachusetts [Mr. GIFFORD] is wrong. The gentleman from Massachusetts said that the bonds were purchased by using the reserves of the banks. You cannot do that. That would be making the reserves of the banks serve double duty. You cannot do that. Mr. Eccles is right, and the gentleman from Massachusetts is wrong. They created the money out of the power that is given them by Congress to create it.

Imagine them calling up the Bureau of Engraving and Printing and having \$1,000,000,000 worth of money created. Then, after they get this money, they deliver it to Mr. Morgenthau and get \$1,000,000,000 in Government bonds providing for, say 3-percent interest. They have traded one Government obligation for another. The Government has guaranteed each one of them. Imagine Congress permitting them to do that. We have. Then after they get this \$1,000,000,000 of Government bonds they require us to pay \$30,000,000 a year interest on those bonds. For what? For the money they sold us. Where did they get the money? They created it on the Government's credit. This Congress authorized them to do it. We have pledged the taxing power of the people to do it.

Mr. DEWEY. Mr. Chairman, will the gentleman yield?

Mr. PATMAN. I yield to the gentleman for a brief question.

Mr. DEWEY. The gentleman stated that the Federal Reserve System created money. What is securing that money?

Mr. PATMAN. The credit of the Nation.

Mr. DEWEY. Does the gentleman know there is gold behind every dollar?

Mr. PATMAN. That is owned by the Government.

Mr. GIFFORD. Oh, no.

Mr. PATMAN. Yes; read the law. The gold law states that all the rights, title, and interest in and to this gold is in law United States of America. Read the law. Go get it and read it now.

[Here the gavel fell.]

The Clerk read as follows:

SEC. 4. Section 19 of the Second Liberty Bond Act, as amended, is further amended to read as follows:

"SEC. 19. Any obligations authorized by this act may be issued for the purchase, redemption, or refunding, at or before maturity, of any outstanding bonds, notes, certificates of indebtedness, Treasury bills, or savings certificates of the United States, and any money received from the sale of such obligations or any other money in the general fund of the Treasury may, under such rules, regulations, terms, and conditions as the Secretary of the Treasury may prescribe, be used for such purchase, redemption, or refunding."

Miss SUMNER of Illinois. Mr. Chairman, I move to strike out the last word.

Mr. Chairman, I should like to ask the gentleman in charge of the bill about the meaning of these words on page 9, "terms, and conditions as the Secretary of the Treasury may prescribe \* \* \* for refunding."

It seems to me that, unless I am terribly mistaken, that authorizes repudiation of Government bonds if the Treasury chooses to repudiate. Under this section, as I read it, the Treasurer could go into a bank or insurance company that had bonds they had a right to cash in at any time they wanted to and that bore interest, and he could say, "In exchange we will give you bonds that do not bear interest and that will remain frozen in your bank until such-and-such a date, and you cannot cash them in." Am I right in that? If so, it seems very alarming.

Mr. COOPER. I do not believe the gentleman is correct in that interpretation. I invite attention to the fact that the Secretary of the Treasury covered this provision of the bill rather fully in his statement, which will be found on page 3 of the hearings which are here available.

I do not understand there is any change contemplated in the manner of refunding that has been followed in the past, but it is thought this clarifying provision should be included to assist them in carrying out this work.

Miss SUMNER of Illinois. Well, I suppose if it is necessary, there is nothing we can do about it.

Mr. COOPER. Then, further, on page 3 of the hearings, explanation is made that a provision is included to clarify the authority existing in section 19 of the Second Liberty Bond Act.

Miss SUMNER of Illinois. But if the gentleman will look at the report he will see that the way it is printed you cannot tell from a reading of page 5 just what is the situation. In their effort to comply with rule 13 of the House they have made a misprint, and you will see you cannot tell really what the original law was from the way it is written there.

Mr. COPPER. I regret the misprint to which attention is invited, but if the gentleman will take a copy of the hearings and analyze the statement made by the Secretary of the Treasury, which is comparatively brief, I think full information will be secured on that point.

Miss SUMNER of Illinois. I shall not delay the House further, except that while I am on the floor I would like to say this to the people who complain that this one or that one in our country is complacent. I think that is adding insult to injury. I do not know anybody around here who is complacent. It reminds me of a time when a man was put in jail for embezzlement. I might say he was a client of mine. It was said of him:

He is very nonchalant; he is complacent; he smokes cigarettes in a long holder and entertains all of his friends, and plays bridge with the other prisoners.

At the end of a week he got out, and his hair had turned from brown to white. I think the trouble with us is that we are numb with shock.

The Clerk read as follows:

SEC. 5. The authority of the Postmaster General contained in section 6 of the act of June 25, 1910, as amended (U. S. C., 1940 ed., title 39, sec. 756), and section 22 (c) of the Second Liberty Bond Act, as amended,

to prepare and issue postal-savings cards and postal-savings stamps shall terminate on such date as stamps issued by the Secretary of the Treasury pursuant to the authority contained in section 22 (c) of the Second Liberty Bond Act, as amended, are made available for sale to the public; and, as soon as practicable thereafter, the Board of Trustees of the Postal Savings System shall pay to the Secretary of the Treasury a sum equal to the redemption value of all postal-savings stamps outstanding, and after such payment has been made the obligation to redeem such stamps shall cease to be a liability of the Board of Trustees of the Postal Savings System but shall constitute a public debt obligation of the United States.

**JUST AS PATRIOTIC TO INVEST IN POSTAL SAVINGS AS BUYING DEFENSE BONDS**

Mr. PATMAN. Mr. Chairman, I move to strike out the last word.

Mr. Chairman, this section 5 would indicate from a casual reading that it is intended to abolish postal savings, but I would like for the gentleman in charge of the bill to verify what I have to say, if he will, that an investigation has disclosed that it will only prevent the postal-savings departments in the post offices from selling stamps and that after this law is passed one will still be privileged to invest in postal savings and certificates of deposit as heretofore.

The point I want especially to invite your attention to is that in all these statements you find over the country about investments in Defense bonds and how the people are helping the country by letting the Government have their money, you never see an item relating to postal savings. It is just as important to put your money in postal savings as it is in Defense bonds, because the money you put in postal savings is invested in Defense bonds and has exactly the same effect.

May I take this time to answer the gentleman from Illinois [Mr. DEWEY] about the gold in the Federal Reserve banks. The gentleman insists that the \$21,000,000,000 or \$22,000,000,000 in gold belongs to the Federal Reserve banks. Well, let us say for the sake of the argument that his statement is true—I will say it is not true because the law places the title in the Government. But let us for the sake of the argument say it is true. He says they can take that \$20,000,000,000 and have issued an unlimited amount of money, I presume, or that is up to about \$240,000,000,000, I believe Mr. Eccles said, can be issued on that gold, and I believe that was verified by Mr. Morgenthau. How could we get the unquestioned title to that gold? At least there is a cloud on it from what he says. This is one way to do it—to reimburse the private banks for the \$140,000,000, an insignificant sum compared with the war debt, and then the Federal Government would own the 12 banks and that should be as much a part of this Government as the Treasury and also the gold. It is just as important that those banks belong to the Government as the Treasury of the United States, and it is just as wrong for us to permit private corporations to own the right to create money as it would be to delegate the functions of the Treasury to the private banks of this country.

Mr. DEWEY. Mr. Chairman, will the gentleman yield?

Mr. PATMAN. I yield.

Mr. DEWEY. I just want to draw the distinction that I was speaking about gold and not the ownership of the Federal Reserve Banking System.

Mr. PATMAN. I know, but you say that the Federal Reserve banks own the gold and therefore we cannot use it as I propose. I am showing you that if there is an obstacle in the \$140,000,000 stock ownership which is about one-seventh of a billion dollars, you can remove entirely that obstacle and have the Federal Government own the 12 Federal Reserve banks and use that gold as the Federal Government wants to.

Mr. DEWEY. I would like to say to the gentleman that that is another question that I was not arguing. At the present moment the Federal Reserve notes are secured, 100 percent, by gold.

Mr. PATMAN. The money that is used to buy Government bonds is created. Mr. Eccles said so and he ought to know more about it than any other person I know of, and there should not be any doubt about it. I will say to you, and then I am through, one of these days this Congress is going to realize that the further farming out of this Government's credit should absolutely be stopped and bonds should not be sold to corporations that create the money out of thin air in order to buy them.

**WAR DEBT CAN BE PAID IN 40 YEARS WITHOUT UNBEARABLE BURDEN ON TAXPAYERS BY CONGRESS USING THE GOVERNMENT'S CREDIT AND IDLE GOLD INSTEAD OF CONTINUING TO FARM IT OUT TO SPECIAL PRIVATE CORPORATE INTERESTS**

Mr. Chairman, on January 19, 1942, I introduced a bill, H. R. 6391, providing for the issuance of nonnegotiable United States bonds to Federal Reserve banks, which if enacted into law, will permit the financing of our war debt without the payment of interest.

**TAXPAYERS CAN BE SAVED 50 PERCENT ON WAR DEBT**

It is referred to the Committee on Ways and Means of the House since it involves the issuance of Government securities, a subject over which this committee has exclusive jurisdiction. It is particularly appropriate that the same committee that is considering the new tax bill which is to raise billions of dollars annually should also consider a proposal that is intended to, and can, reduce our war expenditures by 50 percent at least.

A bill providing for the issuance of nonnegotiable United States bonds to Federal Reserve banks and terminating the authority of the Treasury to issue other interest-bearing obligations of the United States to commercial banks, and for other purposes

*Be it enacted, etc.,* That the Secretary of the Treasury, with the approval of the President, is authorized to issue from time to time United States bonds, the proceeds of which shall be available to meet any public expenditures authorized by law and to retire any outstanding obligations of the United States bearing interest or issued on a discount or on a combination interest-bearing and discount basis. Such bonds shall be issued in such form or forms and in such denominations, and mature at such times (not in excess of 40 years from the date of issue) as

the Secretary of the Treasury may prescribe. Such bonds shall not bear interest or be issued on a discount basis and shall not be negotiable or transferable.

SEC. 2. Bonds issued under the provisions of this act shall be issued solely to Federal Reserve banks and shall be subscribed for by the various Federal Reserve banks in such proportions of the entire issue as may be agreed upon by the Secretary of the Treasury and the Board of Governors of the Federal Reserve System. The Secretary of the Treasury shall pay, out of any funds hereafter appropriated for such purpose, to each Federal Reserve bank subscribing to bonds issued under this act, such amounts as he deems necessary to reimburse such bank for any expenses incurred by it in connection with such bonds.

SEC. 3. The authority of the Secretary of the Treasury to issue any interest-bearing obligations of the United States (including obligations issued on a discount basis or on a combination discount and interest-bearing basis) under any other provisions of law is hereby terminated insofar as the issuance of United States bonds to any bank receiving demand deposits is authorized thereby. Except in accordance with such regulations as the Secretary of the Treasury may prescribe in order to provide for the orderly disposition of United States bonds held by any bank receiving demand deposits on the date of the enactment of this act, no such bank shall at any time hold any amount of United States bonds in excess of the amount held by it on December 31, 1941.

SEC. 4. The first two paragraphs of section 7 of the Federal Reserve Act, as amended, are amended to read as follows:

"SEC. 7. After all necessary expenses of a Federal Reserve bank have been paid or provided for and a surplus equal to the paid-in capital stock of such bank accumulated, the annual net earnings of such bank shall be paid into the general fund of the Treasury.

"Should a Federal Reserve bank be dissolved or go into liquidation, any surplus remaining, after the payment of all debts and the par value of all stock, shall be paid to and become the property of the United States."

**WILL STOP FARMING OUT GOVERNMENT CREDIT AND USE OF IDLE GOLD FREE TO BOND BUYERS**

Section 1 of the bill will permit the Secretary of the Treasury, instead of selling Government interest-bearing bonds, to receive the money necessary to meet any public expenditure by issuing and depositing with the 12 Federal Reserve banks bonds that provide for no interest. These bonds will not be sold to the public, as the public generally would probably not be interested in buying them, since they will not draw interest, but the Federal Reserve banks can keep them, and each year the Government can make a payment on the bonds to the Federal Reserve banks.

Under our present system the Treasury, when it needs money, sells bonds that provide for interest through the Federal Reserve banks, and in that way the Treasury receives credit at the Federal Reserve banks, which is checked upon in order to pay the debts of the Government. This proposal will permit the Treasury to receive the same amount of credit as on interest-bearing bonds and the Treasury may check upon this credit in the same manner that it is checked upon today when interest-bearing bonds are sold. In other words, when this proposal is enacted, the Treasury will give the same kind of checks to the same people for the



same service or in payment of the same debts. The people receiving these checks under the new proposal will deposit them or receive the money on them in the same way and manner that they now receive credit at the local banks, or receive the money in return for their checks.

This will not cause the distribution or circulation of one extra dollar of actual currency. Therefore, it cannot be considered a greenback or printing-press proposal. It is strictly an orthodox banking method, which will permit the Government to finance the war debt without paying tribute to a few people who are using the Government's credit and idle gold absolutely free.

#### HOW NON-INTEREST-BEARING BONDS DISTRIBUTED

Section 2 of the bill provides the method by which the bonds, which will be noninterest bearing, will be distributed among the 12 Federal Reserve banks. The method that will be agreed upon will doubtless be according to the capital stock or resources of the particular bank. If the Treasury needs a million dollars, it will distribute the bonds among the 12 Federal Reserve banks, which will aggregate a million dollars. The largest Federal Reserve bank, of course, will take much more of the bonds than the smallest Federal Reserve bank.

The distribution will be made by the Treasury and the Board of Governors of the Federal Reserve System.

#### BANKS WILL BE PAID FOR SERVICE

This section also provides that the Federal Reserve banks will not lose any money by reason of servicing these loans to the Government without interest since the bill provides that each bank shall be reimbursed for any expenses incurred in connection with the bonds. The expenses, of course, will be practically nothing (not as much as one-twentieth of 1 percent interest) compared with the huge amounts of bonds that will necessarily be issued to finance the war debt.

IF MONEY IS TO BE CREATED IT SHOULD BE CREATED BY THE GOVERNMENT AND NO INTEREST PAID ON IT

Section 3, the first sentence, provides that no more interest-bearing obligations of the United States shall be issued and sold to commercial banks or banks receiving demand deposits. The reason for that is that such a bank does not have anything to give the Government in return for its bonds. It merely receives the bonds and gives the Government credit in bookkeeping transactions, or pencil-mark or fountain-pen money. Every informed person admits that under such circumstances the commercial banks create the money outright. If money is to be created outright it should be created by the Government and no interest paid on it.

BANKS GET MONEY FOR 1 PERCENT ON BONDS DRAWING MUCH MORE

If a bank purchases bonds under existing rules, laws, and regulations that provide for 3-percent interest, and the banks should need money to pay its depositors or for any other purpose, it can deposit the same bonds with the Federal Reserve banks as collateral security and receive

funds for 1-percent interest on the bonds. In other words, the bank will continue to receive 3-percent interest on the bonds, but will only be required to pay 1 percent from the local Federal Reserve banks on loans using the bonds as collateral.

During the first week in December, Gov. Marriner S. Eccles, Chairman of the Federal Reserve Board, stated in a letter to all banks:

Continuing the policy which was announced following the outbreak of war in Europe, Federal Reserve banks stand ready to advance funds on United States Government securities at par to all banks.

All banks in the country are notified that they can buy all the Government bonds that they desire to buy, although they do not have the money to purchase them, and if they should need the money the Federal Reserve banks will furnish it and, of course, the discount rate is 1 percent.

#### BANKS CANNOT FURTHER INCREASE HOLDINGS OF GOVERNMENT BONDS

Section 3, in the second and last sentence, provides that no bank which receives deposits, in other words a bank that must create the money in order to buy bonds, shall at any time hold any amount of United States bonds in excess of the amount held by it on December 31, 1941. In other words, if a bank held \$2,000,000 in Government securities on the date mentioned, it can sell any amount of those bonds that it desires to sell, and may in turn purchase other United States Government securities up to but not in excess of the \$2,000,000, which was the amount held December 31, 1941.

#### BANKS NOW LEND \$10 TO EVERY \$1 OWNED

The stockholders in all the banks in the United States have invested and would lose if the banks should be forced into bankruptcy or liquidation and there should be no recoveries, the total sum of \$3,000,000,000. About three and one-half billion dollars of this is capital; about three and one-half billion dollars is surplus, and about \$1,000,000,000 in undivided profits, making about \$8,000,000,000. That is all the stockholders in banks in America have invested in these banks. Notwithstanding, only \$3,000,000,000 is invested in all these institutions, they have purchased more than \$21,000,000,000 in United States Government securities, and now hold these securities and receive interest on them annually. The total loans and investments of these banks aggregate, or may aggregate, about \$80,000,000,000, or \$10 for every \$1 that they own. Without stating or discussing how much the banks should be allowed to expand, it is evident that orthodox banking methods, safe banking methods, and logical banking methods should prohibit any bank from expanding more than \$10 for every one that it owns. Let us presume, for the sake of discussion, that it is right for a bank to be allowed to lend \$10 for every one it has, and thereby receive interest on \$10 for every \$1 invested by the stockholders, and still we cannot escape the conclusion that no bank should be al-

lowed to expand more than \$10 for every one.

#### CONGRESS SHOULD NOT SIT IDLY BY

This being true, why should Congress sit idly by and allow the banks to expand \$20 to every one, or \$50 to every one, in order to finance the war and the other expenditures of our Government, when it is nothing more nor less than Congress permitting the credit of this Nation to be farmed out for the selfish benefit of private banking corporations.

#### GOVERNMENT CREDIT FARMED OUT

The Government of the United States, under the Constitution, has the power, and it is the duty of the Government, to create all money. The Treasury Department issues both money and bonds. Under the present system it sells the bonds to a bank that creates the money, and then if the bank needs the actual money, the actual printed greenbacks to pay the depositors, the Treasury will furnish that money to the banks to pay the depositors. In that way the Government farms out the use of its own credit absolutely free.

#### BACKING FOR NON-INTEREST-BEARING BONDS

If the Federal Reserve banks provide the credit to finance the war, as proposed in the bill, inserted herewith, these bonds will be backed by the credit of the Nation, which includes the taxing power of the Nation, and also the \$23,000,000,000 in gold that is now idle and unused, except that portion that is used free by the private banking system of this country.

#### BONDS BACKED BY TAXING POWER, TOO

A bond issued by the Government carries with it an obligation that Congress will pass laws levying taxes which will be sufficient to cause the taxpayers to pay money in taxes to pay the interest on the bonds, and to eventually retire them when due. The history of the issuance of long-term bonds by our Government is conclusive that the Government invariably pays \$2 to every \$1 that it borrows. In other words, it pays \$1 in interest and \$1 in principal.

#### GOVERNMENT TO PAY DOUBLE

A \$100,000,000,000 debt means, under the present system, that the taxpayers will eventually have to pay \$200,000,000,000. With a huge debt of \$150,000,000,000, which is estimated by many Government authorities as being the amount that the public debt will reach before the war is over, it will probably be impossible for the taxpayers to pay enough money each year to liquidate any part of the principal of the bonds. Therefore they will remain in bondage for centuries because they will be unable to pay any more each year than is sufficient to provide for the interest on the bonds.

#### ONE DOLLAR PAID MONEY CHANGERS FOR EVERY \$1 PAID A SOLDIER

Viewing the situation from the most optimistic viewpoint, the taxpayers will be compelled to pay at least \$2 for every \$1 borrowed. For every \$1 that is paid to a soldier, the money changers have nothing to offer except the Government's credit, which has been given to them free, will also receive \$1. For every \$1 that is paid to every person for materials furnished, the money changers will receive

\$1 in interest for no service whatsoever in the form of interest for furnishing the Government's credit, which has been furnished to the money lender free. For every \$1 that is paid out for any purpose, in this war or for peacetime pursuit, the interest will amount to at least \$1, and the result will be that the taxpayer must pay \$2 in order to liquidate every \$1 debt.

I cannot understand why anyone should insist that the credit of this Nation and the use of the Government's gold should be farmed out absolutely free to the private banking corporations of this country, and require the taxpayers to pay \$2 in order to obtain \$1 in our war preparation.

#### REPAIR HOPELESSNESS OF PEOPLE

Let us repair the hopelessness that is now being felt by the people on account of what they think will probably happen after the war with a \$150,000,000,000 public debt by changing the system so that the Government can use its own credit and its own gold and not pay \$2 for every \$1 that is borrowed.

#### WAR DEBT CAN BE PAID IN 40 YEARS

If our national debt for the war alone is \$100,000,000,000, it can be paid over a period of 40 years without an unbearable burden on the taxpayers by the Government borrowing money from the Federal Reserve banks and paying it back 2½ percent each year. This 2½ percent will be no more than interest that is being charged today, and the amount will be sufficient to entirely pay off the bonds in 40 years. Whereas if we continue the present system of paying interest on these bonds, at the end of 40 years, after paying 2½ percent each year, we will still owe the principal amount of the bonds, and the debt will be just as large at the end of 40 years as it is today or when the debt is the largest.

#### WILL REDUCE CHANCES OF INFLATION

If we borrow \$100,000,000,000 to finance the war from the Federal Reserve banks and it is paid 2½ percent each year and entirely paid off and liquidated in 40 years, there will be no likelihood of inflation during that time. Whereas, if we continue paying tribute to a few for the use of Government's own credit, we will in all probability have inflation unless it is possible to prevent it by price control and other methods.

#### DUTY OF CONGRESS TO MAKE CHANGE

It occurs to me that the duty of making this change is on Congress. It is not on the executive, the judiciary, or any department of our Government. It rests solely and alone upon the Congress of the United States to change the system that causes our credit to be farmed out and enormous interest burden paid unnecessarily and uselessly on its credit.

#### ABUSE OF POWER TO TAX

If Congress continues to require the people to pay billions of dollars a year unnecessarily as interest on Government bonds it occurs to me that it is an abuse on the part of Congress of the power to tax. Congress has the power to tax and is exercising that power to the limit, but certainly Congress should not abuse the power by levying taxes to pay a debt that

is extravagant, wasteful, and unnecessary in every way.

#### NOW TIME TO MAKE THE CHANGE

One of these days the American people are going to wake up and realize the situation, and they will blame this very Congress for not making the change at this time, when we are entering upon a \$100,000,000,000 war program. Now is the time to make the change. It is not a change that will involve unorthodox banking methods. It is a change that will save the Government interest on the public debt hereafter contracted, but will not be in any way dangerous to the general welfare of the country. On the other hand, it will be greatly in the interest of the general welfare of the country because the war debt will cost the taxpayers only 50 percent, at least, of what it will cost under the present system.

#### BOND SALES TO PUBLIC SHOULD CONTINUE

I am not proposing that bond sales to the public be stopped or impeded in any way. It is my belief that bond sales to the public should be encouraged because they are calculated to prevent or stop inflation to a certain extent. At the same time we know that the bonds that the public are buying at this time will, when this emergency is over, be in the market one way or another, and, that being true, the money changers will be in a position to purchase them by using the Government's credit free and the idle gold free, and receive interest from the Government for no service whatsoever.

#### \$447 INTEREST PER CAPITA TO BE PAID ON THIS YEAR'S BUDGET

The Budget for the next year is \$59,000,000,000. This means that it will cost the American taxpayers by the time the \$59,000,000,000 debt is paid, under our present system of farming out our credit free, twice that amount, or \$118,000,000,000. This means that every man, woman, and child in America, on this \$59,000,000,000 debt, will have to pay at least \$447 in interest and \$447 on the principal, presuming that the debt can be paid in 40 or 50 years. It is not right for Congress to make the people pay that \$447 for every man, woman, and child in America as interest for the use of the Government's own credit and for the use of the Government's own idle gold by farming out the Government's great privilege and right to create money to private banking interests of the Nation.

#### PERPETUAL DEBT

The current estimate of what the war, whole war, is going to cost us is \$150,000,000,000. If we spend \$150,000,000,000 on this war, it will cost about four or five billion dollars a year to pay the interest on the \$150,000,000,000. In all probability, that is all the taxpayers of this country will be able to pay, and will, therefore, be unable to make any payment on the principal of the debt each year. That being true, all the money that will be raised in taxes to pay on the national debt will go to the people who are using the credit of the Nation absolutely free, and who have had farmed out to them the use of the idle gold free, and the people will thereby be caused to pay a

debt that is useless, wasteful, extravagant, and unnecessary.

#### IT IS WRONG FOR THE GOVERNMENT OF THE UNITED STATES THAT IS SOVEREIGN TO PAY PRIVATE CORPORATIONS TO CREATE MONEY ON THE GOVERNMENT'S CREDIT

Mr. Chairman, to sell bonds to individuals and to corporations that do not create the money by a bookkeeping transaction to buy them is perfectly justified for the purpose of preventing or retarding inflation. But if more bonds will have to be sold than such individuals and corporations will or can buy, then the Government of the United States, which is sovereign, should create the credit to pay its bills without obligating the people to pay interest on it.

All informed persons on the subject will agree upon certain fundamental truths. They are:

First. It is the duty of Congress to issue—create—money and regulate its value under the Constitution.

Second. This great privilege has been farmed out free to the privately owned banks by Congress.

Third. This great privilege is worth billions of dollars a year to those exercising it under laws passed by Congress.

Fourth. The same United States Treasury that prints and issues the interest-bearing bonds also issues and prints the money, which is another form of Government obligation, not interest bearing.

Fifth. Under our present system that Congress has allowed to be built up gradually over a century of getting a little change in law here and a little change there which appeared harmless at the time, the Treasury, when it wants money, sells United States Government bonds which obligates the Government to pay a stipulated rate of interest—around 3 percent per annum.

Sixth. A commercial bank in Dallas, Tex., buys a United States Government bond—we will say a million dollars' worth—and gives the United States Treasury credit for \$1,000,000 on its books. The bank does not have the money to pay on demand and does not need it for that purpose, as it is so seldom that people who receive Government checks or any other kind of checks want the actual money.

Seventh. The United States Treasury gives checks to the Government employees residing in Dallas and to persons and corporations in payment of any debt owed by the Government in that area to the amount of \$1,000,000.

#### MONEY CREATED WITH A FOUNTAIN PEN

Eighth. It is almost inconceivable that the people receiving these checks will want the money as they will only want credit at the bank or in the banking system upon which they can draw checks, and in that event the Dallas Bank will continue to receive annually \$30,000 interest on the million dollars in bonds which was bought by creating the money with a fountain pen. In other words, the bank has bought the bond on a promise to pay money if called upon but it is not called upon to pay the actual money.

Ninth. If the people receiving these checks drawn on the Dallas Bank aggregating a million dollars should do the



unusual and demand the actual spot cash from the Dallas Bank, actual coin and currency, the Dallas Bank will take its million dollars' worth of United States Government bonds upon which it is promised 3 percent interest annually across the street to one of the 12 Federal Reserve banks that is located in Dallas and get a million dollars in actual printed money. In order to get the money the commercial bank will deposit with the Federal Reserve bank at Dallas the \$1,000,000 in bonds as collateral security and promises to pay 1 percent interest annually so long as the money is needed.

**BANK MAKES \$20,000 A YEAR PROFIT ON TRANSACTION**

Tenth. The net result is that the Dallas Commercial Bank has bought a Government obligation upon which it will receive \$30,000 per annum and has used that same Government bond or obligation as collateral security to obtain a million dollars in money, issued by our same Government and our own United States Treasury and carrying the same mortgage upon all the property and profits of the people until paid. For this money the bank will pay at the most \$10,000 per annum thereby netting a profit of \$20,000 per annum on this million-dollar transaction.

Eleventh. The Government will not get the \$10,000 that the Dallas bank pays to the Dallas Federal Reserve Bank for the use of a million dollars in money as the Dallas Federal Reserve Bank will get it. The Dallas Federal Reserve Bank is owned by the private banks in that area, including the bank that bought the million dollars in bonds. The Federal Reserve banks are Federal in name only; they are owned lock, stock, and barrel by the private banks, which have invested, incidentally, a very small sum of money upon which they receive 6 percent per annum, but sufficient to enable them to be the sole owners of that Federal Reserve bank.

Twelfth. Remember in this case, which is typical, the United States Treasury has caused the Bureau of Engraving and Printing here in Washington, which is under the jurisdiction of the Treasury, to print and deliver to the Federal Reserve bank at Dallas a million dollars in United States Government bonds, interest bearing, and a million dollars in United States currency. Each is a Government obligation. The Federal Reserve bank at Dallas delivers the million dollars in bonds to the local commercial bank and obtains for the Government the million dollars in credit which the Government checked on to pay its debts. Then the Federal Reserve bank at Dallas delivers to the local commercial bank the million dollars in actual paper money—currency, greenbacks, or whatever one prefers to call them.

**GOVERNMENT COLLECTS 30 CENTS FOR EVERY \$1,000 PRINTED FOR BONDS**

Thirteenth. On the transaction the taxpayers will pay the cost of printing the bonds. The taxpayers will pay the \$30,000 a year interest to the Dallas commercial bank. The Dallas Federal Reserve Bank will get \$10,000 per annum and the Government will get \$300, or

30 cents per \$1,000, which was the actual cost of printing the money.

**THE GREATEST BACKING BEHIND OUR MONEY AND BONDS IS THE BAKING POWER OF CONGRESS; THE DUTY OF CONGRESS TO TAX THE PEOPLE TO PAY ALL THE OBLIGATIONS OF OUR GOVERNMENT—HOW SUCH A SYSTEM BUILT UP**

Who created such a system that is costing the taxpayers \$1,750,000,000 this year and will cost the taxpayers \$4,500,000,000 a year when our anticipated expenditures for war purposes are made?

The answer is that such a system was built up over a long period of time. Congress passed monetary laws without giving a great deal of attention to them, being told that money was a mystery and very few people understood it and those understanding it were the ones wanting the monetary laws. It was smart for a Member of Congress to say, "All I know about money is that I do not have enough of it," or some similar crack that invariably drew laughter and applause and the bill was passed. If some person who had given the subject thought and consideration attempted to show how the credit of the Nation was being farmed out free to privately owned commercial banks he could very quickly be silenced by a whispering campaign that he was a monetary nut, a crackpot, or a greenbacker, who wanted to flood the country with worthless printing-press money. Then with a few references to continental currency, fiat money, and German inflation the bill was sent on its way. All such bills were referred to as a bill to further strengthen our sound monetary system.

**LOGICAL REASONS WERE PRESENTED**

In the beginning of our country there were logical reasons why the Government should issue interest-bearing bonds to pay its expenditures instead of obtaining the use of its own credit without interest.

At that time gold and silver represented practically all of our medium of exchange. When a miner went out into the mountains and by laboring with his hands through the hardest kind of manual labor produced some gold or silver it was right that the Government pay him interest for its use if the Government desired to borrow it.

Further, if money were borrowed from a foreign country it was right that our Government pay interest for its use.

**EXTRAVAGANT CONGRESS RETARDED**

In addition, if the Government paid interest for the money or credit it used it would have a retarding effect on an extravagant Congress. For the reason that if Congress appropriated too much money no one would buy the bonds. In other words, as more bonds were sold they would be worth less and less, and Congress would either have to cause bonds to be sold at a great discount or not be able to sell them at all, or quit appropriating so much money. This had a retarding influence on Congress.

**NEITHER REASON GOOD NOW**

None of these three reasons justify the Government in paying interest on its own credit now. Silver in our exchange represents an infinitesimal part of our

money. Gold is not used as money. Our Government does not borrow from a foreign country. United States Government bonds are no longer permitted to be sold for less than par since the banks can always put up their Government bonds as collateral and obtain money for them dollar for dollar—no discount.

The interest paid by our Government amounted to such a small sum each year for the first 125 years of our country's existence it presented no problem. Now it presents one of our most serious problems.

**MONEY NOW CREATED ON GOVERNMENT CREDIT**

Our money now is created upon the Government's credit as all money is guaranteed by the United States Government. Although Federal Reserve banks have had the great privilege of issuing and paying out money it is the Government's money that is paid out. Every bill, note, or piece of currency bears the obligating clause of our Government in the language "The United States Government promises to pay on demand—dollars." This is printed on every piece of paper currency.

**POWER OF CONGRESS TO TAX BACKING BEHIND BONDS AND MONEY; ALSO GOLD BACKING**

We have an additional backing which is not absolutely needed and a commodity that is used by other countries only to a very limited extent, and that is \$23,000,000,000 in gold that is idle and unused. Every dollar of it belongs to the United States Government. There are those who contend that this gold is mortgaged to the 12 Federal Reserve banks or that these banks have some kind of claim against it notwithstanding the law that places all right, title, and interest in and to the gold in the United States. This contention can be eliminated by the Government reimbursing the private banks for the \$140,000,000 they have invested in stock in these 12 Federal Reserve banks. It is this comparatively small investment that permits the owners of the stock of the Federal Reserve banks to place a cloud on the title to this gold.

If something is not done to prevent it the money changers will make as much out of this war, and more, as the entire cost of the war. By money changers I mean those who use our Government credit free and not the patriotic citizen who buys bonds with money he has worked for to prevent inflation.

**GOVERNMENT PAYS \$2 TO EVERY \$1 BORROWED**

Experience proves that the taxpayers are forced to pay at least \$2 for every one the Government borrows on long-term bonds. The war is costing so much that the people will never be able to pay more than the interest on the public debt and the necessary running expenses of the Government if our present policies are pursued of paying private banking corporations for the privilege of using our own Government's credit.

**MONEY BASED ON DEBT—NO DEBT, NO MONEY**

Our present policies have forced our people into the position of going into debt and paying interest or not have enough money to do business on. In other words, if all debts were paid, our money would be extinguished. So our money is based

on debt. When Leon Henderson was testifying before our Committee on Banking and Currency in favor of the price-control bill I reminded him of his statement that the people could retard inflation by paying their debts, and asked him what the people would do for money if all debts were paid. He admitted—so did Marriner S. Eccles, Governor of the Federal Reserve Board—that our monetary system is based on debt, and said the people should pay their debts and then go into debt again, so as to have enough money to do business.

#### GOVERNMENT CAN SAVE INTEREST

Instead of the Government issuing and delivering to the Federal Reserve banks Government interest-bearing bonds for sale to the private banks in order to get the money or credit to pay the cost of the war, the Government should issue and deliver to the Federal Reserve banks non-interest-bearing bonds to be held by the Federal Reserve banks to obtain the money or credit to pay the cost of the war.

In that way we would not pay tribute to a few people to use the Government's own credit; the bonds would have the same backing and security behind them; the bonds would be easier paid, since a 3-percent payment each year on the principal of the bonds, instead of as interest, would entirely pay them off in 33 1/3 years; bonds would not be sold to the public, except a sufficient amount to retard inflation, and they, of course, would be interest bearing; money would then be paid into circulation and not necessarily borrowed into circulation; inflation would be hindered because a part of the bonds would be paid each year instead of freezing, an inflationary condition caused by the issuance of so many bonds and no part of the principal being retired each year; the people receiving checks from the Treasury in payment of salaries or debts of any kind would continue to receive the same kinds of checks, issued and delivered by the same people, and upon these checks they would receive the same kind of money or credit as they now receive, and there will not be any more actual printed money in circulation than at present.

The big difference will be that the Government will not pay interest for the use of its own credit.

#### EVERLASTING BONDAGE OR DEBT REPUDIATION IF GOVERNMENT BOND RACKET NOT ENDED

Mr. Chairman, the information contained in my remarks concerning the Government obtaining money without interest is based upon a quarter of a century of study and investigation. Now the time has arrived when its use can prevent our people from being sentenced to everlasting bondage or suffer the humiliation of national debt repudiation, which can be caused by a Government bond racket that is about to engulf us.

#### MEMBERS APPREHENSIVE PEOPLE WILL NOT SUPPORT

Members of Congress are afraid to embrace a sound and economically desirable plan that will prevent the people from being required to pay double, treble, and many times more for every dollar that is borrowed to prosecute the war for fear

they will be doing something the people will not understand and will not approve.

#### PUBLIC PRESS CARRIES LITTLE OF THIS IMPORTANT SUBJECT

At my own personal expense this information is being printed and distributed over the 48 States. Obviously, a limited number of copies will be sent out. The newspapers and magazines have been unable to allot very much space for the dissemination of information on this highly important subject.

#### GIVE MEMBERS COURAGE TO SPEAK OUT

I beg you who are not in Congress, in the interest of our children and our children's children, who are being asked to assume an unbearable interest burden that can now be prevented, to let your lawmakers in Washington know—Representatives and Senators—that their approval of this method will meet with your approbation. Give them courage to speak out. Many of them have not had the time to give consideration to it.

#### BENEFICIARIES OF RACKET OPPOSED TO DISCUSSION

Those who will benefit from this racket are opposed to any discussion of the subject in the public press or over the radio. They refrain from any controversy, knowing their position is untenable and realizing that public knowledge of the subject will certainly harm them.

#### PASS IT ON

If you will reward my efforts by causing this information to be published and distributed, I shall never cease to be grateful. Pass it on to another.

#### REAL AND INTANGIBLE PROPERTY PAY NO DEFENSE TAX

The cost of the war will necessarily be borne by the people, a majority of whom will be the least able to pay it. Our Federal Government, including war costs, is supported by taxes on incomes, sales, and other specific forms of taxation. The \$300,000,000,000 worth of tangible real property in this country pays no tax whatsoever into any fund that is used specifically to defend our country, neither does the \$400,000,000,000 worth of intangible property. It is true that if the owner of tangible or intangible property makes a net profit on it sufficient to be required to pay an income tax, he will be required to pay it, but no tax specifically upon the property itself for the defense of the country is now required by law.

Let us not require our taxpayers to pay as much in unnecessary interest as the cost of the war.

#### BANKS THAT CREATE MONEY WILL EVENTUALLY BE CALLED UPON TO BUY THE BONDS THAT ARE NOW BEING SOLD TO THE PUBLIC

During our war effort the people will generously buy bonds to enable the Government to properly prosecute the war. They are to be commended for their patriotism. When the war is over they will want their money for the many different purposes that they could not use it for during the war.

#### NO MORE GOVERNMENT BOND SALES AT 75 AND 80 CENTS ON THE DOLLAR

Our Government cannot afford to permit the bonds to be sold for 75 cents

and 80 cents on the dollar. This was done after the other war, which permitted a few people who used the Government's credit free to buy them and make millions in profits. The Government, through the Secretary of the Treasury, Mr. Morgenthau, has promised that it will not happen again.

#### BANKS WILL EVENTUALLY OWN NATIONAL DEBT

Therefore, when the people want their money after the war it will be necessary for more Government bonds to be sold to redeem them. The banks that create the money will be the only purchasers. The result will be that practically all the bonds that are now being sold to the people will find their way after the war into the portfolios of the commercial banks. The banks now hold \$21,000,000,000 of these bonds. They will then hold most of the national debt. This will enable these banks to collect billions of dollars a year in interest on their comparatively small investment. Congress will be called upon to levy and cause to be collected the taxes to pay this interest. The people who will have made every sacrifice to win the war will pay the taxes into the United States Treasury. The United States Treasury will pay it to the banks that created the money to buy the bonds upon the Government's own credit.

#### HOW MONEY IS CREATED BY PRIVATELY OWNED BANKING SYSTEM ON GOVERNMENT'S CREDIT AND THE GOVERNMENT CHARGED INTEREST THEREON

The Federal Reserve Banking System is privately owned. Not \$1 of the stock is owned by the Government or by the people; it is owned by private banking corporations. It is a corporation owned by corporations. Many people believe that the Federal Reserve Banking System is owned by the Government because it is named Federal, but of course this is not true.

#### CREATE MONEY, BUY BONDS, AND COLLECT INTEREST

When the Honorable Marriner S. Eccles, Chairman of the Federal Reserve Board, was before the Banking and Currency Committee of the House, of which I am a member, on Tuesday, September 30, 1941, I interrogated him about how he obtained for the 12 Federal Reserve banks the \$2,000,000,000 in Government bonds, which the system is now holding and charging the Government interest thereon. The questions and answers appear in the printed testimony, volume 2, page 1342, and is as follows:

Mr. PATMAN. \* \* \* How did you get the money to buy those \$2,000,000,000 of Government securities?

Mr. ECCLES. We created it.

Mr. PATMAN. Out of what?

Mr. ECCLES. Out of the right to issue credit money.

Mr. PATMAN. And there is nothing behind it, is there, except the Government's credit?

Mr. ECCLES. We have the Government bonds.

Mr. PATMAN. That's right; the Government's credit.

Mr. Chairman, the Government is now paying between forty and fifty million dollars a year to the Federal Reserve Banking System as interest on these bonds. The expenses, dividends, and



profits of the System are paid in that way. It would be just as reasonable for each department of our Government to be allowed to purchase enough Government bonds to pay their expenses the same way. It would be just as reasonable for the Government to set aside enough interest-bearing bonds to each Federal employee to pay the Federal employee interest sufficient to pay his salary as it is for the Federal Reserve Banking System to get their expenses paid in that way.

Under our present system the Federal Reserve banks can purchase twenty-five or fifty billion, a hundred billion, or an unlimited amount of Government bonds the same way they purchased and now hold the \$2,000,000,000.

#### IDLE GOLD IN HILLS OF KENTUCKY SHOULD BE USED TO FINANCE WAR DEBT

Why should the people be forced to pay \$2 for every \$1 the Government uses, when it has approximately \$23,000,000,000 in idle gold that can be used to finance a debt in the orthodox way that would be equal to more than \$240,000,000,000?

#### \$125,000,000,000 DEBT MEANS A DEBT TWICE THAT LARGE

When the Government issues interest-bearing bonds, it finally pays as much in interest as it pays on the principal by the time the bonds are paid in full. Therefore, a \$125,000,000,000 debt means a debt of \$250,000,000,000 by the time it is paid, or even more.

Congress can and should require the Secretary of the Treasury to deliver non-interest-bearing bonds to the Federal Reserve banks and require the Federal Reserve banks to give the Government credit therefor instead of paying \$25,000,000 a year interest on every \$1,000,000,000 borrowed. The \$25,000,000 will be paid each year on the principal of the \$1,000,000,000 in bonds. In that way the entire amount of the bonds can be paid over a period of years at a cost to the taxpayers of less than 50 percent of what they would have to pay under the present system, which would be less inflationary than interest-bearing bonds because they would be retired earlier.

This proposal is sound. It was thoroughly discussed in the testimony before the Banking and Currency Committee when the price-control bill was under consideration.

It is a simple question of the Government using its own gold to save interest, or permitting the banks to use it free of charge, along with the Government's credit free, and collect interest from the Government.

The Members of Congress will do the people a great disservice for the next 100 years unless this Government bond racket is stopped.

#### BANKS CREATE MONEY

No informed person can dispute the fact that commercial banks that accept deposits, when they buy Government bonds, create out of thin air the money with which to buy those bonds. No informed person will dispute that fact. Everyone who has ever studied the question admits it and acknowledges it.

#### IF MONEY TO BE CREATED, GOVERNMENT SHOULD CREATE IT WITHOUT INTEREST

So the point is, if money is to be created for the purpose of paying the cost of this war, should the people and the taxpayers and the Government pay private commercial banks to create the Government's own money, when that privilege is exclusively the Government's under the Constitution of the United States, and the duty rests upon the Congress to see that it is complied with?

#### BILL PROPOSED TO STOP SOME INTEREST PAYMENTS

May I humbly invite your attention to a discussion of that subject which is in the RECORD of February 2, 1942? It contains a discussion of a bill which I introduced some time ago providing for the Federal Reserve banks to advance the money on Government non-interest-bearing bonds for the purpose of paying the cost of this war. Every person who has given this question thought, I believe, will say that this national debt, at the end of the emergency, if it continues as long as we expect it to continue, will certainly be around \$150,000,000,000, including our present debt, if not more than that. If we pay 4 percent interest on that enormous debt, as many prominent people in official positions are advocating today, that means \$6,000,000,000 a year interest, and it will be impossible for the people to pay that much interest and the running expenses of this Government; which will mean that the people of this Nation will be in perpetual bondage or there will be repudiation of the national debt.

#### MAKE PAYMENTS ON PRINCIPAL OF BONDS INSTEAD OF ON THE INTEREST

Now, there is a way to escape that situation, and an orthodox way to escape it, by paying a certain amount each year on the principal of the bonds, instead of paying it as interest. The proposal that has been brought forward is that if the Government needs a billion dollars in money, the Government, through the Secretary of the Treasury, issues a billion dollars of non-interest-bearing notes, and distributes those notes among the 12 Federal Reserve banks in proportion of their resources, of course, and receives credit for the United States Treasury to the amount of \$1,000,000,000. Then every year instead of paying 4-percent or 3-percent interest, as we are doing today, pay 3 percent on the face of the bonds, on the principal. In that way you will reduce the bonds every year, and the inflation becomes less severe, every year less inflationary, and in 33½ years the entire public debt will be liquidated. If you do not do that and pay 3-percent interest—and we will never be able to pay more than just the interest—at the end of 33½ years we will still owe the billion dollars, just like at the end of 33½ years we will still owe the \$150,000,000,000—perpetual bondage for the people.

#### USE GOVERNMENT CREDIT INSTEAD OF FARMING IT OUT TO BANKS FREE

In order to do what I suggest you will use the credit of the Nation instead of farming it out absolutely free to the private commercial banks of this country. If you desire to use the \$23,000,000,000

in gold that we have that is now idle and unused as backing for those bonds, you can do that.

May I suggest to you that if the Government issues non-interest-bearing bonds and places them with the Federal Reserve banks, as has been suggested, the backing behind those bonds will be exactly the same as if the Government had issued a billion dollars of 3-percent bonds and placed them with the 12 Federal Reserve banks.

If there is any person within the sound of my voice who can say that the security will be less, I will yield to him now for that purpose. But no one can say it. There is exactly the same security behind each.

So why should this Congress sit idly by and place our people in perpetual bondage just because some person might say that the best way to get money is to have it created by the commercial banks and pay them an interest rate for its creation?

#### PEOPLE WILL EVENTUALLY BLAME US

May I suggest to you that the people of this country one of these days will blame you. They will blame me. They will blame the entire Congress and the administration for sitting idly by and letting these 50-year bonds, providing for 2 and 3 percent interest and more, be issued and sold to the American people.

I am in favor of selling Defense bonds to individuals and corporations that do not create the money with which to buy them. I favor that very much, because it has a tendency to retard or cut down or stop inflation. But I am very much opposed to the sale of interest-bearing bonds to money-creating corporations. To date the commercial banks have done an excellent job. I am not trying to destroy commercial banks. They are very necessary and highly desirable institutions. The stockholders of all the banks in the Nation have invested \$8,000,000,000 only. That is all they would lose if every bank were to close its doors. Upon that investment they have already loaned the Government \$21,000,000,000, upon which they are receiving interest annually. In addition to that, they have made loans and investments aggregating about \$10 to every \$1 that they have.

I am not objecting to that, let them do it, it is in the interest of the country, especially certain sections of the country, at times to have a bank expansion; but why permit them to lend 20-to-1, or 30-to-1, or 40-to-1, or 50-to-1 when the loan is made upon the credit of this Nation? I express the hope that this Congress will stop the use of our Government's credit free and the forcing of this Government to pay an annual tribute of billions of dollars upon this war debt and place our people in perpetual bondage.

#### WILL COST GOVERNMENT \$100,000,000,000 TO PAY DEBT OF \$70,000,000,000

Mr. Chairman, our Government debt at this time is approximately \$50,000,000,000. By the time that is paid it will aggregate \$100,000,000,000. When we talk about a debt of a certain size we should double the amount if we want to keep in mind what will actually have to be paid before the debt is liquidated.

This amount of 100 percent is due to the interest charges. I am not opposed to individuals and corporations paying interest. They should pay interest for the use of money that they hire from other people, but when our Federal Government, that has the exclusive power to create money, creates that money and then goes into the open market and borrows it and pays interest for the use of its own money, it occurs to me that that is going too far. I have never yet had anyone who could, through the use of logic and reason, justify the Federal Government borrowing the use of its own money.

For the first 125 years of our country's existence the national debt was small. It was only about \$3,000,000 a year—very small. The interest charges amounted to a very insignificant sum, excepting during the War between the States, when the national debt ran up to twenty-five or thirty million dollars. But that was only for 2 or 3 years, and it was small in comparison. However, since the World War in 1917-18, our national debt has been large, and today we are paying at the rate of over \$1,500,000,000 a year interest on our Government obligations.

#### GOVERNMENT SHOULD NOT ISSUE INTEREST-BEARING BONDS

It is true that if we contract a debt we should pay it. If the Government sells bonds, the Government should pay those bonds. If the Government promises to pay interest at a certain rate on those bonds, the Government should carry out its obligation. But I am saying to you in all sincerity and with all the earnestness that I possess, it is absolutely wrong for the Government to issue interest-bearing obligations. It is not only wrong, it is extravagant. It is not only extravagant, it is wasteful. It is absolutely unnecessary.

A short time ago Mr. Henry Morgenthau, Secretary of the Treasury, was on the witness stand before the Committee on Banking and Currency on the price-control bill. I asked him questions about this. It is in the hearings, commencing at page 1005. Mr. Morgenthau admitted in this testimony that if the Government were to issue \$1,000,000 in bonds and sell those bonds which are non-interest-bearing and delivered those bonds to the 12 Federal Reserve banks and received credit for them, that he, as Secretary of the Treasury, could then issue the same kind of checks against that money, and the people receiving the checks would receive the same kind of money as if he had issued a million dollars in bonds and sold them to the commercial banks of the country and agreed to pay the commercial banks a certain rate of interest. It would not increase the money supply one penny. Anyone who argues that it is inflationary does not know what he is talking about. It is not inflationary. It is not nearly as inflationary as our present system of selling bonds and paying interest as much as you pay principal.

I have in my possession a letter from the Secretary of the Treasury, Mr. Morgenthau, in reply to a letter I had written to him. I asked him how much the Government would pay in interest charges on

the \$758,900,000 4 $\frac{1}{4}$ -percent Treasury bonds that are payable in 1947 to 1952. His reply was that the amount would be about \$967,700,000. Now, mind you, that is where we issued those bonds during the World War, amounting to \$758,000,000, and we are paying in interest on those bonds, in addition to the principal, \$967,700,000.

Now, take the Panama Canal bonds. They amounted to a little less than \$50,000,000—\$49,800,000. By the time they are paid the Government will have paid \$75,000,000 in interest on bonds of less than \$50,000,000. So the Government is paying out \$125,000,000 to obtain the use of \$49,800,000. That is the way it has worked all along. That is our policy. That is our system. The question is, should that policy be continued? Is it sane, is it reasonable, is it right, or is it wrong? If it is wrong, it should be changed.

#### FEDERAL RESERVE PRIVATELY OWNED

We have today about \$23,000,000,000 in gold. This gold is, of course, owned by the Government—title to it is in the Government. Many people say the Federal Reserve banks own it, but they do not own it. Congress passed a law saying that the right, title, and interest in and to that gold is in the Government, but for convenience and in order to carry out this present monetary policy, the Treasury has issued what is known as gold certificates and has turned over to the Federal Reserve banks these gold certificates. So today we hold about \$23,000,000,000 in gold. Under the old system of issuing \$2.50 in currency to every \$1 of gold on the theory that a 40-percent gold base would always be safe, you could take that \$23,000,000,000 of gold and issue two and one-half times that much money under our present system. This would amount to fifty-seven or fifty-eight billions of dollars that could be issued on that gold; and then the banks receiving the money could issue all the way from 7 to 10 to 1. You can thus see what a great potential threat of inflation is there if it were exercised, but it will not be exercised, because the people who have charge of the monetary system will not permit it to be exercised.

The point I want to try to make is that the 12 Federal Reserve banks have in their custody these gold certificates which are used the same as gold, which are sufficient to more than pay off the entire national debt. I am not advocating that this be done quickly or suddenly. I am not advocating that any change like this be made quickly, for it would probably be disturbing to the country; but if the Government owned these 12 Federal Reserve banks, as it should—they should be just as much a part of this Government as the Treasury itself—then eventually the national debt could be absorbed by them and this interest burden could be taken off our shoulders.

#### UNITED STATES SOVEREIGN

No city is sovereign because it has superiors, the State and the National Government. A State is not sovereign because it has a superior in the National Government. The National Government is sovereign because it has no su-

perior in the form of a government, and the National Government has the power to create its own credit upon which no interest should be paid instead of farming out that great privilege to the private banks of the country.

The Clerk read as follows:

SEC. 6. Section 4 of the Public Debt Act of 1941 (Public, No. 7, 77th Cong., 1st sess.), is hereby amended to read as follows:

"SEC. 4. (a) Interest upon obligations, and dividends, earnings, or other income from shares, certificates, stock, or other evidences of ownership, and gain from the sale or other disposition of such obligations and evidences of ownership issued on or after the effective date of the Public Debt Act of 1942 by the United States or any agency or instrumentality thereof shall not have any exemption, as such, and loss from the sale or other disposition of such obligations or evidences of ownership shall not have any special treatment, as such, under Federal tax acts now or hereafter enacted; except that any such obligations which the United States Maritime Commission or the Federal Housing Administration had, prior to March 1, 1941, contracted to issue at a future date, shall when issued bear such tax-exemption privileges as were, at the time of such contract, provided in the law authorizing their issuance. For the purposes of this subsection a Territory, a possession of the United States, and the District of Columbia, and any political subdivision thereof, and any agency or instrumentality of any one or more of the foregoing, shall not be considered as an agency or instrumentality of the United States.

"(b) The provisions of this section shall, with respect to such obligations and evidences of ownership, be considered as amendatory of and supplementary to the respective acts or parts of acts authorizing the issuance of such obligations and evidences of ownership, as amended and supplemented.

"(c) Nothing contained herein shall be construed to amend or repeal sections 114 and 115 of the Revenue Act of 1941."

Mr. KEEFE. Mr. Chairman, I move to strike out the last word. I take this time because I endeavored to obtain time prior to the reading of this last section, in order that I might ask the gentleman from Texas [Mr. PATMAN] a question or two with respect to his proposal. As I understand the law, the Congress created the Federal Reserve banking system, and contained in that law is a provision that requires each member bank to subscribe for stock in the Federal Reserve System in proportion to the amount of its deposit liability or its capital structure, it may be one or the other. The Federal Reserve Act provides that out of the profits of its operation there shall be paid a maximum of 6 percent per year upon the stock of the member banks, which dividend shall be cumulative, and up to the present time has been paid. There are no back dividends accumulated. The law formerly provided that profits above that amount realized by the Federal Reserve Banking System should be paid into the Treasury of the United States, and at the present time, through amendment of that provision of the law, it provides that the profits above those which are allocated to pay the expenses of the operation, plus the 6 percent maximum dividend upon the stock of member banks, shall be paid into the surplus and be retained in the surplus of the Federal Reserve Bank System. In the event of the dissolution of the Federal Reserve



Bank System, all assets of the System, after payment of its obligations, become the property of the United States Government, and shall be paid into the Treasury of the United States Government. The question I ask is whether or not it is not academic, therefore, to discuss the question as to the huge profits that are being made by the Federal Reserve banks through the use of the credit of the United States in issuing and printing currency, when, as a matter of fact, any profit beyond those necessary to pay 6 percent interest to the member banks upon their investment in the Federal Reserve bank, plus the actual operating expenses of the bank itself, belong to the United States Government. It is clear that, however huge the profits made by the Federal Reserve Bank System may be, whether the gentleman's proposal is right, proper, or wrong, whatever profits are made above those profits and the allocation of them, as I have indicated, belong to the United States Government, under existing law.

Mr. PATMAN. The gentleman is wrong in saying they belong to the United States Government under existing law for just the reverse is true. Originally the profits would flow into the Treasury for the use of its credit.

Mr. KEEFE. Well, Mr. Chairman, if the gentleman says I am wrong, then he is not familiar with the law, because only yesterday I received a specific memorandum from the Treasury Department on this specific question, and I have the law incorporated in that memorandum and shall be glad to place it in the RECORD. I say that I am absolutely right, and the law so provides.

Mr. PATMAN. The answer to the first question is no. If on dissolution, if you say they will ever be dissolved, the profits do not belong to the Government, the answer is yes, but no one thinks they will be dissolved.

Mr. KEEFE. Then, may I ask this question: Is it not perfectly academic and simple to argue about the profits of the Federal Reserve System when the fact is that under existing law all realized profits become part of the surplus of the Corporation and cannot be used for the payment of dividends above the maximum 6-percent rate? Congress has the plain, simple power—

Mr. PATMAN. Oh, yes; the power.

Mr. KEEFE. To again provide that profits of the Federal Reserve System shall be turned directly into the Treasury. So, to me, it is what the President once described as "tweedledum" and "tweedledee." If the Federal Reserve System makes a lot of money, it still belongs to the United States Treasury.

The CHAIRMAN. The time of the gentleman from Wisconsin has expired.

Mr. COOPER. Mr. Chairman, I move that the Committee do now rise and report the bill back to the House with recommendation that the bill be passed.

The motion was agreed to.

Accordingly the Committee rose; and the Speaker having resumed the chair, Mr. COCHRAN, Chairman of the Committee of the Whole House on the state of the Union, reported that that Committee had had under consideration the bill

H. R. 6691, and had directed him to report the same back to the House with the recommendation that it do pass.

Mr. COOPER. Mr. Speaker, I move the previous question on the bill to final passage.

The previous question was ordered.

The SPEAKER. The question is on the engrossment and third reading of the bill.

The bill was ordered to be engrossed and read a third time, and was read the third time.

The SPEAKER. The question is on the passage of the bill.

Mr. DOUGHTON. Mr. Speaker, I ask for the yeas and nays.

The yeas and nays were ordered.

The question was taken; and there were—yeas 367, nays 0, not voting 64, as follows:

[Roll No. 36]

YEAS—367

Allen, Ill.	Crowther	Harris, Va.
Allen, La.	Culkin	Hart
Andersen,	Cunningham	Harter
H. Carl	D'Alesandro	Hartley
Anderson, Calif.	Davis, Ohio	Healey
Anderson,	Davis, Tenn.	Hébert
N. Mex.	Day	Heldinger
Andresen,	Delaney	Hendricks
August H.	Dewey	Hess
Andrews	Dickstein	Hill, Colo.
Angell	Dingell	Hill, Wash.
Arends	Dirksen	Hinsaw
Baldwin	Disney	Hobbs
Barden	Ditter	Hoffman
Barnes	Domengeaux	Holbrook
Bates, Ky.	Dondero	Holmes
Baumhart	Doughton	Hook
Beckworth	Downs	Hope
Belter	Duncan	Houston
Bell	Durham	Hull
Bennett	Dworshak	Hunter
Blackney	Eaton	Imhoff
Bland	Eberharter	Jackson
Bloom	Edmiston	Jacobsen
Boehne	Elliott, Mass.	Jenkins, Ohio
Boggs	Elliott, Calif.	Jennings
Boland	Ellis	Jensen
Bonner	Elston	Johns
Boren	Engel	Johnson, Calif.
Boykin	Faddis	Johnson, Ind.
Bradley, Mich.	Fellows	Johnson,
Bradley, Pa.	Fenton	Luther A.
Brooks	Fish	Johnson, Okla.
Brown, Ga.	Fitzgerald	Johnson, W. Va.
Brown, Ohio	Fitzpatrick	Jones
Bryson	Flaherty	Jonkman
Buck	Flannagan	Kean
Buckley, N. Y.	Fogarty	Kee
Bulwinkle	Folger	Keefe
Burch	Forand	Kelley, Pa.
Burdick	Ford, Leland M.	Kennedy,
Burgin	Ford, Miss.	Martin J.
Butler	Ford, Thomas F.	Kennedy,
Byrne	Gale	Michael J.
Canfield	Gamble	Keogh
Cannon, Mo.	Gathings	Kerr
Capozzoli	Gearhart	Kilday
Carlson	Gehrmann	Kinzer
Carter	Gerlach	Kirwan
Cartwright	Gibson	Klein
Case, S. Dak.	Gifford	Knutson
Casey, Mass.	Gilchrist	Kocialkowski
Celler	Gillette	Kopplemann
Chapman	Gillie	Kunkel
Chenoweth	Gore	Lambertson
Chilperfield	Gossett	Landis
Clark	Graham	Lane
Clason	Granger	Lanham
Claypool	Grant, Ala.	Larrabee
Clevenger	Grant, Ind.	Lea
Cluett	Green	Leavy
Cochran	Gregory	LeCompte
Coffee, Nebr.	Guyer	Lesinski
Coffee, Wash.	Gwynne	Lewis
Cole, N. Y.	Haines	Ludlow
Collins	Hall	Lynch
Colmer	Edwin Arthur	McCormack
Cooley	Hall	McGehee
Cooper	Leonard W.	McGregor
Costello	Halleck	McIntyre
Cox	Hancock	McLaughlin
Cravens	Hare	McLean
Crawford	Harness	McMillan
Creal	Harrington	Maclejewski
Crosser	Harris, Ark.	MacIara

Mahon	Randolph	Starnes, Ala.
Manasco	Rankin, Miss.	Steagall
Mansfield	Rankin, Mont.	Stearns, N. H.
Martin, Iowa	Reece, Tenn.	Stefan
Martin, Mass.	Reed, Ill.	Stevenson
Mason	Reed, N. Y.	Sullivan
May	Rees, Kans.	Sumner, Ill.
Meyer, Md.	Rich	Sutphin
Michener	Richards	Sweeney
Mills, Ark.	Rivers	Taber
Mills, La.	Rizley	Talbot
Monroney	Robertson,	Talle
Moser	N. Dak.	Tarver
Mott	Robertson, Va.	Tenerowicz
Mundt	Robinson, Utah	Terry
Murdock	Robison, Ky.	Thill
Murray	Rockefeller	Thom
Nelson	Rockwell	Thomas, N. J.
Nichols	Rodgers, Pa.	Thomas, Tex.
Norrell	Rogers, Mass.	Thomason
Norton	Rogers, Okla.	Tibbott
O'Brien, Mich.	Rolph	Tinkham
O'Brien, N. Y.	Romjue	Traynor
O'Connor	Russell	Treadway
O'Hara	Sabath	Van Zandt
O'Leary	Sacks	Vinson, Ga.
Oliver	Sanders	Vorys, Ohio
O'Neal	Satterfield	Wadsworth
O'Toole	Sauthoff	Ward
Pace	Schuetz	Wasielewski
Paddock	Schulte	Weaver
Patman	Scott	Weiss
Patrick	Secrest	Welch
Patton	Shafer, Mich.	Wene
Pearson	Shanley	Wheat
Peterson, Fla.	Sheridan	White
Peterson, Ga.	Short	Whittington
Pfeifer,	Sikes	Wickersham
Joseph L.	Simpson	Wigglesworth
Pheiffer,	Smith, Maine	Williams
William T.	Smith, Ohio	Wilson
Pierce	Smith, Pa.	Winter
Pittenger	Smith, Va.	Wolcott
Plauché	Smith, Wash.	Wolfenden, Pa.
Ploeser	Smith, W. Va.	Woodvorton, N. J.
Plumley	Smith, Wis.	Woodruff, Mich.
Poage	Snyder	Woodrum, Va.
Powers	Somers, N. Y.	Wright
Priest	Sparkman	Young
Rabaut	Spence	Youngdahl
Ramspeck	Springer	Zimmerman

NAYS—0

NOT VOTING—64

Arnold	Heffernan	O'Day
Barry	Howell	Osmer
Bates, Mass.	Izac	Ramsay
Beam	Jarman	Sasser
Bender	Jarrett	Scanlon
Bishop	Jenks, N. H.	Schaefer, Ill.
Bolton	Johnson, Ill.	Scruggam
Buckler, Minn.	Johnson,	Shannon
Byron	Lyndon B.	Sheppard
Camp	Kefauver	South
Cannon, Fla.	Kelly, Ill.	Stratton
Cole, Md.	Kilburn	Sumners, Tex.
Copeland	Kleberg	Tolan
Courtney	Kramer	Vincent, Ky.
Cullen	McGranery	Voorhis, Calif.
Curtis	McKeough	Vreeland
Dies	Maas	Walter
Douglas	Magnuson	West
Drewry	Marcantonio	Whichel
Englebright	Merritt	Whitten
Fulmer	Mitchell	Worley
Gavagan	Myers, Pa.	

So the bill was passed.

The Clerk announced the following pairs:

General pairs:

Mr. Camp with Mr. Bolton.  
 Mr. Jarman with Mr. Stratton.  
 Mr. Kelly of Illinois with Mr. Vreeland.  
 Mr. Drewry with Mr. Maas.  
 Mr. South with Mr. Howell.  
 Mr. Vincent of Kentucky with Mr. Englebright.  
 Mr. West with Mr. Bishop.  
 Mr. Kleberg with Mr. Kilburn.  
 Mr. Cannon of Florida with Mr. Osmer.  
 Mr. Sumners of Texas with Mr. Douglas.  
 Mr. Kefauver with Mr. Johnson of Illinois.  
 Mr. Merritt with Mr. Curtis.  
 Mr. Cole of Maryland with Mr. Jenks of New Hampshire.  
 Mr. Dies with Mr. Bates of Massachusetts.  
 Mr. Cullen with Mr. Jarrett.  
 Mr. Beam with Mr. Copeland.  
 Mr. Fulmer with Mr. Bender.

Mr. Courtney with Mr. Buckler of Minnesota.

Mr. Whelchel with Mr. Marcantonio.  
Mr. Gavagan with Mr. Mitchell.  
Mr. Arnold with Mr. Izac.  
Mr. Barry with Mr. Tolan.  
Mr. Kramer with Mr. Walter.  
Mr. Whitten with Mrs. Byron.  
Mr. McGranery with Mr. Myers of Pennsylvania.

Mr. McKeough with Mr. Shannon.  
Mr. Ramsay with Mr. Sasser.  
Mr. Lyndon B. Johnson with Mr. Magnuson.

Mrs. O'Day with Mr. Voorhis of California.  
Mr. Scrugham with Mr. Sheppard.  
Mr. Scanlon with Mr. Schaefer of Illinois.

The result of the vote was announced as above recorded.

A motion to reconsider was laid on the table.

#### EXTENSION OF REMARKS

Mr. KOPPLEMANN. Mr. Speaker, I ask unanimous consent to insert in the RECORD my own remarks and to include therein a letter from a boy who is entering the armed service of this country.

The SPEAKER. Is there objection?  
There was no objection.

#### HOURLY MEETING

Mr. McCORMACK. Mr. Speaker, I ask unanimous consent that when the House adjourns today it adjourn to meet at 11 o'clock a. m. tomorrow. I may say the first order of business will be consideration of the resolution extending the Dies committee, if the Rules Committee reports that out, which I understand it has. Then the Department of Agriculture appropriation bill will continue.

The SPEAKER. Is there objection to the request of the gentleman from Massachusetts?

Mr. MAY. Mr. Speaker, reserving the right to object, I would like to ask the majority leader when we may hope to get to the Women's Auxiliary Corps bill?

Mr. McCORMACK. The Rogers bill will follow the conclusion of the Department of Agriculture appropriation bill.

Mr. MAY. That is the one we have been on so long. Can the gentleman tell me when we will finish that?

Mr. McCORMACK. I cannot say. The Rogers bill will be taken up as soon as the appropriation bill is concluded. I hope it will be the day after tomorrow.

Mr. MAY. Well, I would like to get something definite.

The SPEAKER. The Chair understood the gentleman from Massachusetts to state it would be taken up immediately following the Department of Agriculture appropriation bill.

Mr. McCORMACK. That is correct. When the Department of Agriculture appropriation bill will be finished, I do not know. The Rogers bill will follow that appropriation bill.

The SPEAKER. Is there objection to the request of the gentleman from Massachusetts?

There was no objection.

#### CALENDAR WEDNESDAY

Mr. McCORMACK. Mr. Speaker, I ask unanimous consent that business in order on Calendar Wednesday may be dispensed with this week.

The SPEAKER. Without objection, it is so ordered.

There was no objection.

#### SPECIAL COMMITTEE TO INVESTIGATE UN-AMERICAN ACTIVITIES

Mr. SABATH, from the Committee on Rules, submitted the following resolution (H. Res. 420, Rept. No. 1884) to continue the investigation by the Special Committee to Investigate Un-American Activities, which was referred to the House Calendar and ordered printed:

*Resolved*, That the Special Committee to Investigate Un-American Activities is authorized to continue the investigation begun under authority of House Resolution 282 of the Seventy-fifth Congress, and continued under House Resolution 26 of the Seventy-sixth Congress, and continued under House Resolution 321 of the Seventy-sixth Congress, and continued under House Resolution 90 of the Seventy-seventh Congress, and for such purposes said committee shall have the same power and authority as that conferred upon it by said House Resolution 282 of the Seventy-fifth Congress and shall report to the House as soon as practicable, but not later than January 3, 1943, the results of its investigations, together with its recommendations for necessary legislation.

#### ADDITIONAL ORDINANCE FOR THE UNITED STATES NAVY

Mr. SABATH, from the Committee on Rules, submitted the following resolution (H. Res. 447, Rept. No. 1885), providing for the consideration of the bill (S. 2249) authorizing appropriations for the United States Navy, additional ordinance manufacturing and production facilities, and for other purposes, which was referred to the House Calendar and ordered printed:

*Resolved*, That immediately upon adoption of this resolution it shall be in order to move that the House resolve itself into the Committee of the Whole House on the state of the Union for consideration of S. 2249, a bill authorizing appropriations for the United States Navy, additional ordinance manufacturing and production facilities, and for other purposes. That after general debate, which shall be confined to the bill and shall continue not to exceed 1 hour to be equally divided and controlled by the chairman and ranking minority member of the Committee on Naval Affairs, the bill shall be read for amendment under the 5-minute rule. At the conclusion of the reading of the bill for amendment, the Committee shall rise and report the same to the House with such amendments as may have been adopted and the previous question shall be considered as ordered on the bill and amendments thereto to final passage without intervening motion except one motion to recommit.

#### THE LATE HONORABLE JOSEPH T. DEAL

Mr. HARRIS of Virginia. Mr. Speaker, I ask unanimous consent to proceed for 1 minute.

The SPEAKER. Is there objection?  
There was no objection.

Mr. HARRIS of Virginia. Mr. Speaker, it is with sincere regret that I announce the death of a former distinguished Member of this House from the Second District of Virginia, Hon. Joseph T. Deal.

Mr. Deal passed away at his home at Norfolk on last Saturday morning, 4 hours after suffering a stroke of paralysis. He had been ill only a short time previously, despite his advanced age. He was 81 years old.

Mr. Deal served four terms in this House, from 1921 to 1929. Previously he had served in both branches of the General Assembly of the State of Virginia.

He always took an active and leading part in political and governmental affairs in Virginia, and he was a successful businessman. Throughout his long career he enjoyed an established reputation for courageous and independent thinking, and for sound, conservative judgment and action, which won for him a place in the history of our Commonwealth and the Second District of Virginia that time will not dim.

His sudden passing was a distinct shock to his many friends among whom I proudly numbered myself. He will be sorely missed. His memory ever will remain fresh in the minds and hearts of his people.

[Here the gavel fell.]

#### EXTENSION OF REMARKS

Mr. CRAWFORD. Mr. Speaker, I ask unanimous consent to extend my own remarks on the bill just passed and include short excerpts.

The SPEAKER. Without objection, it is so ordered.

There was no objection.

Mr. MURRAY. Mr. Speaker, I ask unanimous consent to revise and extend my own remarks and include newspaper articles.

The SPEAKER. Without objection, it is so ordered.

There was no objection.

Mr. STEARNS of New Hampshire. Mr. Speaker, I ask unanimous consent to extend my own remarks and to include therein an editorial.

The SPEAKER. Without objection, it is so ordered.

There was no objection.

Mr. HOBBS. Mr. Speaker, I ask unanimous consent to revise and extend my remarks, in one to include an article by Dr. Hopson Owen Murfee, and in the other a speech by the Honorable Hugh Grant.

The SPEAKER. Without objection, it is so ordered.

There was no objection.

#### PERMISSION TO ADDRESS THE HOUSE

Mr. PADDOCK. Mr. Speaker, I ask unanimous consent that on Monday next I may be permitted to address the House for 15 minutes after the disposition of the legislative business for the day and other special orders.

The SPEAKER. Is there objection to the request of the gentleman from Illinois?

There was no objection.

#### LONGEVITY PAY FOR POSTAL EMPLOYEES

Mr. ROMJUE. Mr. Speaker, I submit a conference report and statement on the bill H. R. 1057, "An act to establish a system of longevity pay for postal employees," for printing, under the rule.

#### EXTENSION OF REMARKS

Mr. PATMAN. Mr. Speaker, I ask unanimous consent to extend the remarks I made today and to include therein certain excerpts.

The SPEAKER. Without objection, it is so ordered.

There was no objection.

Mr. GAMBLE. Mr. Speaker, I ask unanimous consent to extend my own remarks in the RECORD and to include therein an editorial from the New York World-Telegram of March 5.



The SPEAKER. Without objection, it is so ordered.

There was no objection.

WAR DEPARTMENT CIVIL FUNCTIONS APPROPRIATION BILL, FISCAL YEAR 1943

Mr. SNYDER. Mr. Speaker, I move that the House resolve itself into the Committee of the Whole House on the state of the Union for the consideration of the bill (H. R. 6736) making appropriations for the fiscal year ending June 30, 1943, for civil functions administered by the War Department, and for other purposes (Rept. No. 1875), and pending that I would like to see if we could arrive at a limitation of debate.

Mr. POWERS. Mr. Speaker, I might suggest to the gentleman from Pennsylvania that general debate be limited to 1 hour, to be equally divided, and to be controlled by the gentleman from Pennsylvania and myself.

Mr. SNYDER. That is satisfactory to me.

Mr. Speaker, I ask unanimous consent that general debate on the bill be limited to 1 hour, to be equally divided and controlled by the gentleman from New Jersey and myself.

The SPEAKER. Is there objection to the request of the gentleman from Pennsylvania?

There was no objection.

The SPEAKER. The question is on the motion of the gentleman from Pennsylvania.

The motion was agreed to.

Accordingly the House resolved itself into the Committee of the Whole House on the state of the Union for the consideration of the bill, H. R. 6736, the War Department civil functions appropriation bill, fiscal year 1943, with Mr. BULWINKLE in the chair.

The Clerk read the title of the bill.

By unanimous consent, the first reading of the bill was dispensed with.

Mr. SNYDER. Mr. Chairman, as a courtesy to the minority, I will let the gentleman from New Jersey use the first 5 minutes.

Mr. POWERS. Mr. Chairman, I yield 5 minutes to the gentleman from New York [Mr. TABER].

Mr. TABER. Mr. Chairman, we have just voted a limit of \$125,000,000,000 on the public debt. The country is engaged in the most desperate kind of struggle for its very existence and for the preservation of our liberties. It is a time when we should go all out for defense and should cut out all this boondoggling and fiddling around. I have in my hand a notice of project approval by W. P. A. for \$940,106 for a project up in New York City. Let me read what the work consists of:

Promote, initiate, coordinate, supervise, and conduct music activities. Work consists of conducting performances by vocal and instrumental units and soloists; class teaching to underprivileged groups; piano tuning; maintaining library; copying, arranging, and binding music scores and folios for the use of the project; assisting in experiments in music therapy and conducting music therapy in State, county, and city hospitals, designated for military purposes; assembling and compiling data for an index of American

composers; collecting, annotating and recording primitive, vernacular and indigenous music; conducting research work in the fields of music education, in the preservation of rare music, and the preparation of texts and syllabi for use in groups and community music instruction; providing leadership for choruses, bands, and other community music, for Navy and Army groups, and to assist military and civic groups in festival and other community activities; giving professional and technical advice to cooperating agencies, to other Work Projects Administration projects, and to public institutions; providing professional leadership in music in regions lacking adequate musical opportunities, initiating and conducting music appreciation and demonstration programs; conducting lectures and panel and forum discussions on music as an art and as a social agency; and supervising the work of composers in the preparation of texts and compositions.

Mr. Chairman, is it not about time that those in charge of our Government come to realize that we are at war? Is it not about time that we quit this fiddling around and get down to business and appreciation of our responsibilities? I am sick of having governmental organizations engage in this kind of effort. I think the House has gone on record as opposing that kind of fiddling around when we ought to be buying bombers to take care of our boys who are going out to fight.

Mr. BARDEN. Will the gentleman yield?

Mr. TABER. I yield to the gentleman from North Carolina.

Mr. BARDEN. May I ask the gentleman if the sponsor's name of that project is known?

Mr. TABER. The mayor of the city of New York.

Mr. BRADLEY of Michigan. Will the gentleman yield?

Mr. TABER. I yield to the gentleman from Michigan.

Mr. BRADLEY of Michigan. How much money is involved in that?

Mr. TABER. Nine hundred and forty thousand dollars of Government funds; enough to buy three first-class bombers to protect our boys at the front.

Mr. EDMISTON. Will the gentleman yield?

Mr. TABER. I yield to the gentleman from West Virginia.

Mr. EDMISTON. I want to add my protest along with the gentleman's. The W. P. A. just authorized a project in my State of West Virginia for \$407,000 for the same kind of foolishness.

Mr. CASE of South Dakota. Will the gentleman yield?

Mr. TABER. I yield to the gentleman from South Dakota.

Mr. CASE of South Dakota. Is this the same mayor of New York who recently resigned as head of the O. C. D.?

Mr. TABER. Yes; and the same one who told us that he would not appoint some of these boondogglers when he appeared before our committee.

Mr. CASE of South Dakota. Apparently he has transferred the activities of the O. C. D. to New York City.

Mr. TABER. I do not know. It is bad anyway, and we ought to stop it.

Mr. BARDEN. Does the gentleman mean that project has actually been approved and signed by the President?

Mr. TABER. I think that the project has been approved. This is a notification of project approval.

Mr. BARDEN. The reason I am so insistent is because it is difficult for me to believe that any such thing could happen in times like these.

Mr. TABER. It is hard for me to understand, too. I just cannot. I hope we will get to the point where we will go all out for defense and cut all this out.

Mr. CASE of South Dakota. What is the date of the approval?

Mr. TABER. March 5, 1942.

[Here the gavel fell.]

Mr. SNYDER. Mr. Chairman, I yield myself 17 minutes.

Mr. Chairman, this is labeled a civil-functions bill, but you will find that such a title lightly applies, now that we are at war.

The nondefense phases are limited to cemetery expenses, the Alaska Communication Commission, and the local Soldiers' Home. These call for a total, as we have approved them, of \$2,027,716, out of a total of more than \$350,000,000.

Cemetery expenses are limited to normal outlays. The war load will be financed out of military funds. The same may be said of the Alaska communication system. This bill merely provides for nondefense traffic.

Navigation, flood control, power, and the Panama Canal, either wholly or partly, fall into the defense category.

True, we have projects under way, both rivers and harbors and flood control, initiated prior to the emergency that we very probably would not initiate today, but to the extent that they can be proceeded with without drawing upon needed defense materials, economical procedure would seem to justify such a course. As a matter of fact, we know that impingement will not be permitted because the matter will be controlled by priorities.

Of course, we all know that flood control, whether multiple purpose or for protection alone, has defense value in any area where floods might tie up production facilities, transportation of raw materials and of troops and munitions, or seriously interfere with agriculture. It is to be regretted, in my judgment, that we have not accomplished more protection against that unpredictable source of trouble. There have been authorized thus far 485 flood-control projects, at a total cost of \$930,400,000. Eighty-seven have been completed at a total Federal cost of \$35,416,000. Construction is now in process on about 120.

This bill carries \$350,650,826. It is approximately \$86,000,000 more than we have provided thus far for the current fiscal year. I get the \$92,000,000 by omitting, for comparative purposes, the \$35,000,000 appropriated for the current fiscal year for the new War Department Building. The Budget has charged that amount up as a civil-functions expense.

That increase—\$86,000,000—which is a net amount, is responsive mainly to three factors:

First. We started 7 multiple-purpose flood-control projects in the third supplemental national defense appropriation bill, 1942, which were stamped as of national defense importance. To go forward with those projects requires \$51,960,000.

Second. This bill provides for the initiation of 3 more flood-control projects—1 proposed in the Budget, calling for \$16,700,000, and 2 proposed by the committee, calling for \$1,500,000.

Third. An increase of \$35,000,000, roundly, for protective works and the new locks in Panama.

The improvement projects for rivers and harbors are listed commencing at the bottom of page 4 of the report. We have added the last item, for Oswego Harbor, to close a gap in the breakwater forming the harbor. Current action in this gap or by reason of this gap creates difficult navigation conditions, delaying ship movements and sometimes causing vessels to go aground.

This gap repair item is one feature of an authorized project, which was authorized in the act approved October 17, 1940, and all of the projects in that act were expressly stated therein to be in the interest of national defense. All of them—some 17 or 18—have been provided for but this one and a project in the Boston area.

The flood-control projects are set out in the hearings, commencing on page 50. They are all going projects except this so-called Bull Shoals Reservoir in Arkansas, estimated to cost \$50,500,000, for which the bill carries \$16,700,000, and the Table Rock Reservoir in Missouri, estimated to cost \$37,000,000, and for which the Budget proposed an appropriation of \$6,500,000.

These two projects were advanced as having defense value for purposes.

The Bull Shoals project contemplates 126,000 kilowatts, yielding first power by December 31, 1944, and the amount I stated by April 30, 1945.

The Table Rock project contemplates 60,000 kilowatts, yielding first power May 31, 1945, and the amount I stated by June 30, 1946.

Of course, those dates are contingent upon the availability of material as and when needed and the rainfall in the drainage area above the reservoirs after the dams are closed.

The committee has felt constrained to eliminate the Table Rock project, and for this reason: Bull Shoals and Table Rock are but two projects in the authorized comprehensive plan for the White River Basin. Two other projects are in course of construction in such basin, namely, the Clearwater Reservoir project in Missouri, and the Norfolk Reservoir project in Arkansas, and, I might say, the comprehensive plan contemplates still other work. There has been authorized to be appropriated for the whole basin \$49,000,000. Including funds already allocated and the amounts in the Budget for the four projects I have named, we arrive at a total that would run appropriations beyond such authorized amount to the extent of \$2,105,000. Something,

therefore, had to give way, and the committee decided to eliminate the \$6,500,000 for initiating the Table Rock project. Unquestionably, as between Bull Shoals and Table Rock, the former is the more meritorious.

The committee has added two flood-control projects to the bill, and I am sure all will agree that they are of prime importance to national defense. Let me read to you what we say in our report about them:

The committee is proposing an appropriation of \$1,200,000 for commencing the Louisville, Ky., flood-control project, and \$300,000 for commencing the New Albany, Ind., flood-control project, both authorized in the Flood Control Act approved June 28, 1938. The former is estimated to cost, to complete, around \$7,000,000, and the latter \$3,370,000.

The Congress provided \$800,000 in the current War Department Civil Functions Appropriation Act for commencing the Louisville project. That appropriation has been administratively impounded. It is the considered judgment of the committee that these two projects should have been commenced when this area was first turned to as a part of the arsenal of democracy. Louisville, Jeffersonville, and New Albany are right together in an area that was inundated for days during the 1937 flood. Highways, bridges, railroads, river transportation, all were out of use. National defense preparation has meant turning to these localities for a very considerable production of defense articles for both the Army and the Navy. Many plants have been built and others are in course of establishment. Protection is under way for the Jeffersonville area, but Louisville and New Albany continue to remain exposed. The committee is advised that in the city of Louisville there are 163 manufacturing and supply plants engaged upon national defense work and that 75 percent of them would be flooded out by a large flood and the other 25 percent practically forced to abandon operations. All, however, may be compelled virtually to shut down because of flooded avenues of approach. That applies with equal force to the Jeffersonville and New Albany sections. The projects would seem to be perfectly adapted to the President's criteria that no public works projects, including those for the improvement of rivers and harbors and flood control, should be initiated unless they are definitely important to the national-defense program.

Another addition we have made under the flood-control head is \$1,000,000 for completing advance planning on authorized flood-control projects to be initiated at some future time. In other words, to get projects in readiness to start immediately as and when funds are made available. The Budget Bureau did not allow the Chief of Engineers any funds for this purpose. He told us he could make good use of \$5,000,000. We are providing one-fifth of that amount, and I think for a purpose as important as any for which the bill provides. Outside of contributing in every way at our command to winning the war, I submit our next responsibility is to be ready when that job is done with jobs—jobs on useful work for men moving out of the defense industries, and for the demobilized soldiers and sailors. There should be no delay then in looking for ways and means to effect the enormous readjustment that must occur. It is imperative, in my judgment, that

we build up a backlog of worth-while projects to cushion the readjustment from war to peace.

Getting away from additions, we have taken out \$500,000 included in the Budget under flood control for expenditure under the direction of the Department of Agriculture. The Department of Agriculture is tied in by law with the flood-control program in the way of making surveys in drainage areas looking to water-flow retardation and soil-erosion prevention with view to later undertaking protective or corrective measures. The Department has a force of nearly 600 people engaged in such work. There are about 578 projects and my recollection is that after more than 5 years, work upon but four watersheds has been completed to the point where improvement work actually may be undertaken.

This is an activity, it would seem, that could be very well curtailed in these times. That is admitted by the very splendid official in direct charge—a Mr. Utz.

As I said, the Budget includes \$500,000 for this activity, but the Budget was made up when we were at peace.

By eliminating that amount we do not render them penniless. They will have a substantial unobligated balance continuing over into 1943, but we provide that from this date onward they may not initiate any projects, and that such work as they may do shall be directed toward completing such of the projects under way as conform with priorities specifically established by the Secretary of War and the Secretary of Agriculture.

In other words, our thought is that such work as may be done will be confined to projects where the work is in the most advanced stage. In that way, we may add, in a measure, to the backlog of projects for the post-war readjustment.

There is one other matter I wish to speak about before concluding.

We have cut out of the estimates all amounts for the purchase or exchange of passenger-carrying automobiles. That means 509 automobiles and a saving of \$295,815.

We found that in the Department of Agriculture flood-control set-up they were using 306 passenger cars in the field with a force of 491 possible users. We just do not know how much of that sort of thing is going on, using tires, using gasoline, and oil, and spark plugs, and batteries, and what not, and every one a critical item. Last Thursday's papers carried the story that they may have to come to commandeering tires on privately owned automobiles.

I think we have a responsibility here to see that a proper regard is had by non-defense agencies of the automobile situation that confronts us, including accessory equipment. These nondefense agencies, even though they may be doing essential defense jobs, should be made to get along with their old cars; and cars not essential because of curtailed activities should be laid up and held in reserve for reissue wherever a real need arises.

Our information is that Ford and Chevrolet have stopped production. That may



be true as to Plymouth and other makes in the low-cost range, and, possibly, as to cars in the higher-cost brackets. What the military demand will be for cars of all types and kinds is anybody's guess. If we are going to have a 7,000,000-men Army, it is certain that the number will be prodigious.

We have written into this bill a provision barring the procurement of any passenger cars by any Federal agency except the White House proper, without the specific approval of the Secretary of War and the Secretary of the Navy. We look to those Departments to provide themselves with adequate quantities of defense articles. That is their responsibility. They, and they alone, should have the determination of whether or not their needs or the needs of some other agency are paramount. The automobile is a vital defense article in modern warfare.

Mr. Chairman, I should like to say this in conclusion: It was with much regret that we found ourselves unable to accede to the recommendations of a number of our colleagues who appeared before us in advocacy of some very worthy projects. To those who were particularly interested in flood-control projects, I want to say that the Congress has delegated to the President the determination of project priorities. We made an exception, it is true, in the Louisville and New Albany cases, which are related projects. Congress last year provided for the initiation of the Louisville project. True, the money has been administratively impounded, and that may occur again, but the committee is so convinced of the defense value of these projects that it is willing, in the language of the street, to stick its neck out again. Certainly, the responsibility will not be ours if a devastating flood should occur.

I may say that it was indicated to us by Department officials that some of the flood-control moneys may be freed owing to inability to secure necessary construction materials. If that should occur, we are advised, larger outlays than contemplated by the Budget submissions could be and probably would be made upon other projects in such submissions for work of a character not involving the use of critical materials. Some projects, in that way, may be advanced in greater measure than now appears likely.

Mr. Chairman, I feel that we have presented a sound, well-considered measure, all things considered, and I trust it may have favorable support.

Mr. POWERS. Mr. Chairman, I shall not take the time of the Committee by going into any long explanation or discourse on this bill. I think the statement the gentleman from Pennsylvania has just read fully covers it.

I am heartily in favor of the items in the bill with probably one exception. I imagine an amendment will be offered sometime during the afternoon to strike a certain project from the bill. If and when such an amendment is offered, I shall support it.

We have heard a lot this afternoon about cutting down on nondefense expenditures. Everyone seems to agree

that that should be done. We shall have the opportunity before the House adjourns this afternoon to see just how serious the Members are about cutting nondefense expenditures. That opportunity will come, and I am hopeful the House will vote as they applauded and as they felt probably an hour ago.

Mr. HOFFMAN. Mr. Chairman, will the gentleman yield?

Mr. POWERS. I yield to the gentleman from Michigan.

Mr. HOFFMAN. Can the gentleman tell us on which sections those opportunities will come?

Mr. POWERS. I can; under flood control. But I do not know who will offer the amendment. If that amendment is not offered, I shall probably offer it myself.

Mr. COOLEY. Mr. Chairman, will the gentleman yield?

Mr. POWERS. I yield to the gentleman from North Carolina.

Mr. COOLEY. May I ask a question about the fee that is fixed on page 13, line 3, as to blood donors? It provides for payment of not to exceed \$50 in any one case to persons within the Government service who shall furnish blood from their veins for transfusion to the veins of patients in Panama Canal hospitals.

I realize that this is the smallest item in the bill, and I hesitate to question it, but it appears to me that a fee of \$50 to a blood donor is rather excessive. I am wondering what justification was offered or if there is any particular reason we should pay \$50 for a blood transfusion in Panama.

Mr. POWERS. I was about to answer the gentleman from North Carolina, but I see that the chairman of the committee would like to answer it. Does the chairman wish me to answer the question?

Mr. SNYDER. Yes; you go ahead.

Mr. POWERS. Let me say to the gentleman that this amount was justified by the Governor of the Canal Zone. It probably looks excessive, and, although I am not a doctor, I will say it probably would be excessive in various parts of the United States. However, the Governor does not feel that it is excessive in the Canal Zone this money will never be few times have they paid \$50. The bill reads, "not to exceed \$50." Of course, there is a different situation prevailing with regard to getting transfusions in that tropical country than here in Washington or in other metropolitan centers of the mainland. I think the gentleman from North Carolina may feel assured that under Governor Edgerton of the Canal Zone this money will never be used unless it is absolutely essential.

Mr. SNYDER. Mr. Chairman, will the gentleman yield?

Mr. POWERS. I yield to the gentleman from Pennsylvania.

Mr. SNYDER. May I say that the white population down there upon whom they can draw for these donations of blood are very few in number.

Mr. COOLEY. Does the gentleman mean they have to fix the fee high in order to induce the donors to give the blood?

Mr. POWERS. In some cases.

Mrs. ROGERS of Massachusetts. Mr. Chairman, will the gentleman yield?

Mr. POWERS. I yield to the gentleman from Massachusetts.

Mrs. ROGERS of Massachusetts. Is it not also true that the blood becomes thinner in the Tropics?

Mr. POWERS. Exactly.

Mr. MANSFIELD. Mr. Chairman, will the gentleman yield?

Mr. POWERS. I yield to the gentleman from Texas.

Mr. MANSFIELD. I think I am about as near an expert on matters of that kind as any person who is not a physician. I have paid for seven transfusions in the last 6 or 7 years, and I never paid more than \$25.

Mr. POWERS. That is in Washington, or on the mainland. I can well understand that.

Mr. COOLEY. That was the reason I raised the question, because I know the fee here and elsewhere in the country is nothing like \$50. I believe \$25 is the usual fee for blood donors.

Mr. POWERS. I realize that.

Mr. Chairman, I yield 10 minutes to the gentleman from South Dakota [Mr. CASE].

Mr. CASE of South Dakota. Mr. Chairman, I trust the members of the Committee will take occasion to read the portion of the hearings that deals with the justification for the various rivers and harbors and flood-control projects which are carried in this bill in the name of national defense. Some members of the committee were disturbed by the fact that the amount actually to be made available for flood control in the fiscal year 1943 is \$148,485,000, which compares with \$83,000,000 in 1942. The 83 figure represents a reduction of about \$7,000,000 from the ninety-million appropriation made for flood control last year, because that amount was impounded. The impounded money again made available, plus the new appropriation, makes a total of \$148,000,000 for flood control in the fiscal year 1943, which is \$64,000,000 more than in the current fiscal year.

In order to justify reporting the bill on that basis, the members of the committee made it a particular point to ask the representatives of the Corps of Engineers for a justification. At one point I asked:

Has any recanvass been made of the projects individually?

That was with reference to whether or not the projects had been recanvassed since December 7. The estimates had gone to the Bureau of the Budget before Pearl Harbor.

General Robins replied:

We are continually going over all of our authorized projects. Whenever any defense agency has any needs that can be met under our authorized projects we have been meeting them.

Then I said further to General Robins:

It seems to me that the committee should have assurance from the Corps of Engineers that a critical study will be continued with respect to these projects, so that if the shifting of events reduces the priorities or changes

the priorities of funds, then labor and materials will be saved or applied accordingly.

General Robins replied:

You can have that assurance because we have to fight for every pound of material we get. No projects will go ahead and use materials that should go somewhere else.

Then later in testifying with respect to flood-control projects, Colonel Reber was asked whether or not he could give a specific national defense justification for every project that it was proposed to undertake. Colonel Reber said, "Yes, sir," and then listed the projects individually. On page 80 you will find his individual justification, giving the particular character of a project which brought it under the national defense rule. Members who are interested will find further testimony on this subject on pages 44 and 45.

The bill as it comes to you does represent some reduction from the Budget estimates as has been pointed out by the chairman of the subcommittee. This bill is one of the smaller bills that comes from the Appropriations Committee, but it is a very interesting bill, primarily, I think, because of the appropriations it carries for the Panama Canal. I wish Members of Congress generally could have heard the testimony given by Governor Edgerton with respect to what is going on in the Canal Zone today. A great deal of the testimony was off the record, but I recall that Governor Edgerton assured us that definite steps had been taken by the military authorities there in command to prevent anything happening in the Canal Zone similar to what happened at Pearl Harbor.

Among the smaller items in the bill is the annual appropriation for the Soldiers' Home here in Washington. It will surprise a great many Members of Congress to realize that 500 acres are devoted to operating the Soldiers' Home within the city of Washington, with 176 acres under cultivation. I do not know how many acres are devoted to the golf course.

So, at the Soldiers' Home, within the boundaries of overcrowded Washington today, we are maintaining a herd of cattle in which there are 72 milk cows. We also have 6,000 chickens out there at the Soldiers' Home within overcrowded Washington. The estimate for the operations of the dairy farm and the poultry farm for this coming year amount to \$74,542. The total value of sales to the mess is estimated at \$66,000. In other words, on the face of it we are operating this chicken and dairy farm out there at a loss of about \$9,000. When this was called to the attention of the representatives from the Soldiers' Home they said this was because they did not charge themselves as much for eggs and milk as they ought to do. That may be, but it is a subject that ought to have careful consideration by the Congress.

Some time ago I introduced a bill which has been referred to the Public Buildings and Grounds Committee, which would create a committee on Capital clearance with specific direction that they should investigate these large acreages in the city of Washington and determine whether or not they are being put to the best use.

Mr. HOFFMAN. Mr. Chairman, will the gentleman yield?

Mr. CASE of South Dakota. I yield.

Mr. HOFFMAN. Can the gentleman tell us how many soldiers are out there and how many employees and officials supervising their care?

Mr. CASE of South Dakota. The membership averages around 1,280, I understand.

Mr. CARLSON. Mr. Chairman, will the gentleman yield?

Mr. CASE of South Dakota. I yield.

Mr. CARLSON. Several Representatives from the States of Nebraska and Kansas appeared before the committee and discussed the Harlan County Reservoir, which is located on the Republican River in Nebraska. I notice the committee did not recommend any funds for that purpose and I am wondering if the gentleman has anything to say about that.

Mr. CASE of South Dakota. The committee did give consideration to all of those projects on which Members of the House appeared. There were one or two items added where there was a critical national-defense situation and the gentleman will find some testimony on that. The project that the gentleman from Kansas mentions was not found to have sufficient critical national-defense importance.

Mr. MANSFIELD. It was not cut out on account of its name?

Mr. CASE of South Dakota. Of course, the gentleman from Texas understands I would have no prejudice against it because of its name. But we were unable to get sufficient justification from the Corps of Engineers to justify that particular project.

Mr. Chairman, a question arose during the discussion with General Reybold with regard to the contracts for construction carried on by the Corps of Engineers to which I want to call attention. I had in mind offering an amendment to the bill designed to do something about curbing war profits and war profiteers in contracts made by the War Department. I recognize that this bill deals with the civil functions of the War Department, and yet the Corps of Engineers now handles, not simply the rivers and harbors and flood-control work, but also the general construction for the War Department. Some of you are familiar with a recent decision of the United States Supreme Court in the October term in the case of the Bethlehem Steel Corporation, where the Court held, in effect, that the Government could not go back after a period of years and recapture exorbitant prices. In the concluding statement of the Court it was said:

The problem of war profits is not new. In this country every war we have engaged in has provided opportunities for profiteering, and they have been too often scandalously seized.

Then it goes on at some length and states:

But if the Executive is in need of additional laws—

[Here the gavel fell.]

Mr. POWERS. Mr. Chairman, I yield the gentleman from South Dakota 3 additional minutes.

Mr. CASE of South Dakota.

But if the Executive is in need of additional laws by which to protect the Nation against war profiteering, the Constitution has given to Congress, not to this Court, the power to make them.

There, it seems to me, is a direct challenge to Congress to meet the problem of excessive war profits, and the suggestion was made to General Reybold that we might consider placing a limitation in an appropriation bill, as follows:

That that portion of payments on contracts designated as final payments shall not be paid from funds appropriated in this act to any contractor who fails to supply a cost analysis and certificate for reimbursement satisfactory to the Secretary of War and the chief of the section of the Procurement Agency by whom the contract was negotiated and signed.

General Reybold asked for some time to consider the matter and later submitted a statement upon that in which he said that it was believed that the provision would not apply particularly well to funds in the civil-functions bill on which they advertise for bids. This, he believed, offered an adequate safeguard, but left the question open.

The Bethlehem case indicates that the responsibility belongs to Congress and the President. Any Member of Congress who is familiar with current testimony on the huge profits that are being piled up on some Army and Navy contracts must realize that Congress should do something about it.

Now, then, I hope that the Congress will not only take cognizance of that situation, but also with another situation closely related. It is the problem of wasted hours in important factories. It is well described in a letter that I received from a young man from South Dakota who is working in an aircraft factory in California, which employs some 40,000 men. He went to California for reasons of health, but under the emergency has gone to work out there. He writes me that he has no labor grievance but that—

What I as well as all my acquaintances in the plant want to know is why so much of this huge plant is allowed to lie idle in times like these as much as 72 hours a week.

He says further:

We have no wage complaint with 50 hours work per week. We get enough to live well and have a portion taken out for the purpose of buying Government bonds.

The men, if asked, he says, would gladly waive all double-time clauses, but he thinks that is used as an excuse to avoid Sunday work. He concludes:

We don't care what the hours are, we want to see the vital machinery working 24 hours a day, and if not, we want to know the reason why. We feel that someone in Congress should bring this to the attention of the country. They should know that the morale of the men toward their country is good, and toward the prosecution of the war, but in short we want to know why somewhere between 2,000,000 and 3,000,000 man-hours a week are not being used against our enemies, while our soldiers and our Allies' soldiers are losing battles because they haven't adequate air support. Surely someone somewhere is bungling and are guilty of a worse crime than either Kimmel or Short. Please give the Nation some action on this problem.



I sincerely hope that this young man's cry will stir the President and Congress to action on the great problem of getting maximum production from every essential industry.

Mr. SNYDER. Mr. Chairman, I yield 8 minutes to the gentleman from Texas [Mr. LANHAM].

Mr. POWERS. Mr. Chairman, I yield the gentleman 2 additional minutes.

Mr. LANHAM. Mr. Chairman, in the few minutes at my disposal I wish to speak from the heart about a matter close to my heart, which, in my judgment, is very close also to the hearts of the American people. I refer to the delays in and the interferences with our production for national defense. We shall be grossly in error if we suppose that the people of this country are complacent about this serious situation. On the contrary, they are very deeply aroused, and it is to their credit that they are so vitally concerned. The letters coming to our desks are indicative of that intense interest.

In the district which I have the honor to represent there are numerous organizations of labor, but they are American workmen who are willing to devote themselves to the arduous task which confronts us. It is a mistaken idea to suppose that real American workers are not patriotic. They are as anxious for victory as we who sit here to legislate, but, unfortunately, in many instances, they have been subjected to the domination of subversive agents who are not sympathetic with our American form of government. In some sections these hostile agents have been able to accomplish their nefarious purpose to interrupt and thwart the production of equipment and munitions of which our brave boys at the front stand so greatly in need.

As early as the 10th of last June I made a speech in this Chamber in that regard. The situation became increasingly worse, and on the 3d day of December 1941, 4 days before the attack on Pearl Harbor, the House of Representatives passed by an overwhelming vote of almost 2 to 1 an effective measure to stop the strikes hampering our progress. That measure has reposed in another body for more than 3 months without action upon it.

We must not go the way of France. If we do, the American people and the American workmen will lose all the blessings that our Nation has gained through the years of its history. This is no time for those who serve in legislative halls to be deeply concerned with the question of whether they themselves will continue in their representative capacities or whether they will be defeated. The important thing is to be sure to see to it that America is not defeated. No man can be defeated until he sacrifices his conscientious convictions, and when he sacrifices them he is defeated even though he spends in high office the remainder of his days. This is a time when the Congress and the people and the administration and the workmen must all be loyal and typical Americans if we are to preserve for ourselves and for posterity the liberties that have come to us as a priceless heritage from the fathers.

There has been considerable discussion lately with reference to the 40-hour-

week provision. I realize that most of the workmen in this country are operating under contracts and are laboring more than 40 hours a week, but there are places in this country where, if we can rely upon information we have no cause to question, there are factories idle half the time. An eminent radio commentator on yesterday called attention to such a state of affairs in the State of New Jersey. If a man's house were on fire he would not stop to look at his watch to see how long he had been working. He would proceed diligently to put out the fire and keep up his efforts until the fire was extinguished. In a very real sense, from the standpoint of our safety and security and the preservation of all we hold dear, our national house is on fire. It behooves every patriotic American to work with all his strength and vigor until that fire is extinguished.

Suppose General MacArthur should call about him that gallant, valiant band of soldiers who follow him and say to them, "Boys, we have been resisting the Japs for 40 hours this week; suppose we desist now and not take any further steps for the remainder of the week." What would be the consequence? That strategic peninsula would not now be held and that incomparable leader would not be heralded as a great American. In his own heart he would feel that such action, of which he is incapable, would be a species of treachery. Is it not a species of treachery for anyone today claiming to be a real American to fail to do whatever work he can in his field of endeavor to help our beloved country on to victory? We are facing no bullets, enduring no serious sacrifice. But we can render the important service of aiding those who are confronted daily with such hardships and hazards by sticking everlastingly to our respective tasks.

Mr. PRIEST. Mr. Chairman, will the gentleman yield?

Mr. LANHAM. I yield to my friend from Tennessee.

Mr. PRIEST. I appreciate very much what the gentleman is saying. I just want to ask the gentleman if in his opinion the Nation generally has not misinterpreted the action of this House on the Smith amendment that was proposed to the war-powers bill? In other words, I believe, as reflected by my mail, that most of the people think the House is unwilling to do anything at all about the 40-hour week. I do not believe that to be the will of the House.

Mr. LANHAM. I think the House of Representatives has been receiving a great deal of criticism that it does not deserve, because more than 3 months ago it passed a very comprehensive bill dealing with various features of this situation, and no action as yet has been taken in another body on that bill.

May I call attention to the fact that they who are bearing the brunt of the conflict, the Army and the Navy, the men who are serving at the front, on the land, on the sea, and in the air, have no regard for hours and may be called upon at any time to fight the foe both day and night. We shall be recreant to our trust if we do not do all within our power to keep them equipped and fed and spurred to victory by the zeal of our own industrious

and patriotic labors. Of course, the American people are not complacent. What true American could be complacent if we leave anything undone to support and succor the brave boys at the front?

America is not accustomed to defeat, and America will not be defeated unless it defeats itself. This is a time when each and every American should manifest his patriotic spirit to its deepest depths by deeds that betoken his unfaltering contribution to our righteous cause.

In God's name, my friends—and I mean in God's name, the God in whom we put our trust—let us be busy about His work to preserve the blessings of liberty, of religion, of truth, of brotherhood, the precious gifts the Almighty has vouchsafed unto us. We must not be mere passive admirers of the pioneers and patriots who gave us our wonderful history and who fought and bled and suffered hardships untold that we might have the glorious heritage of a free land. It is time for us to be their active followers, their worthy successors, to carry on in the same dauntless spirit that they exemplified. Let us try to remember Valley Forge and the suffering soldiers of the great Father of our Country who left their blood stains on the snow as with little food to nourish them and scant clothing to keep them warm they battled on for the triumph of the right. If we pause for a moment to contemplate their lot and their persevering courage, surely we shall not have any idle forges today in valleys or on hilltops in our unceasing struggle to keep for the ages the blessings of liberty their unflagging labors have won for the children of men.

Mr. SNYDER. Mr. Chairman, I yield 5 minutes to the gentleman from Arkansas [Mr. ELLIS].

Mr. ELLIS. Mr. Chairman, it is vital to the war effort not only that we retain in this bill the Bull Shoals Dam but also that we place back in it the Table Rock Dam. Both of these projects are on the White River, Bull Shoals in Arkansas and Table Rock in Missouri. They are designed to be operated in conjunction with each other.

Both projects are contained in the program presented to President Roosevelt in July 1941 calling for an adequate power supply for the defense program. President Roosevelt, in his letter to the Speaker a few days ago, requested appropriations for both dams.

The Appropriations Committee approved and there is contained in this bill an item of \$16,700,000 to carry on the Bull Shoals project during the next fiscal year. The committee, however, did not approve the Budget request for \$6,500,000 to carry on the Table Rock Dam for the reason that its inclusion, in conjunction with other projects in the White River Basin, would occasion going beyond the appropriation authorization for works in such basin by \$3,370,000. An understanding has been arrived at, however, whereby this amendment should be presented by a member of the Appropriations Committee appropriating \$2,105,000 instead of \$6,500,000 to begin Table Rock. This comes within the authorization.

Bull Shoals will cost approximately \$50,000,000; Table Rock, \$37,000,000. Bull Shoals will have a power capacity of 336,000 kilowatts, 126,000 of which will be firm. It will produce, if the Table Rock is built, 600,000,000 kilowatt-hours per year, 480,000,000 of which is firm—with an installation of 126,000 kilowatts.

Table Rock will have a power capacity of 120,000 kilowatts, 60,000 of which will be firm. It will produce an average of 350,000,000 kilowatt-hours per year with the 60,000-kilowatt capacity, of which 260,000,000 will be firm and it will firm up 140,000,000 kilowatt-hours additional in a private power dam known as Ozark Beach and Bull Shoals. Thus these two dams would give us an increased capacity of 880,000,000 kilowatt-hours of firm power per year.

There is a desperate power shortage in all of this area. Last year, for instance, Arkansas had to import 66 percent of all the power it consumed.

Chairman Leland Olds, of the Federal Power Commission on March 9 wrote Hon. CLARENCE CANNON, chairman of the Committee on Appropriations, a letter in which he stated:

A summation of the existing assured capacity, after allowance for minimum reserves, in this region, including new steam-electric units on order by utilities for installation this year and the new industrial generating capacity on order for installation in 1942 and future years, is 269,000 kilowatts less than the estimated power requirements in 1943, 322,000 kilowatts less in 1944, 419,000 kilowatts less in 1945, and 483,000 kilowatts less than estimated requirements in 1946. These deficiencies must be made up by a combination of additional steam-electric and hydroelectric generating capacity.

Chairman Olds went on to say:

The need for power in this southwestern area is not imaginary, but very real. Increasing difficulty is being experienced in providing power to serve loads which have already been placed. Furthermore, this region is considered particularly well adapted to the location of additional defense industry—but such expansion will be limited if adequate supply is not provided.

The Army engineers tell me that the first units in Bull Shoals can be brought into production December 31, 1944, and that the last of the initial units can be brought in by April 30, 1945.

The first of the Table Rock units can be brought in by May 31, 1945, and the last of the initial of firm power units can be brought in by June 30, 1945. These two projects together will provide a total of 2,640,000 acre-feet of flood control, nearly half enough to completely control the floods on the White River, and the average annual direct flood loss on the White is \$2,180,000 a year.

With the building of these projects and the completion of Norfolk for which there is an item of \$11,000,000 in this bill, this Arkansas, Missouri, Louisiana, Texas, Oklahoma, Kansas area can and will make an ever increasing contribution to the war effort by supplying these tremendous quantities of new power to new war industries.

One other thing is important. Chairman Olds, in his letter to Chairman CANNON, also states:

As you know, the limitations on the manufacturers to produce land turbines have be-

come increasingly serious on account of the necessity of pushing, to the fullest extent, the naval and maritime ship program. The same manufacturing capacity is utilized for the production of land and marine turbine equipment. For this reason it is especially desirable to install, in areas where the possibilities for the development of hydroelectric power exist, all of the hydro equipment that can be obtained, subject to the limitations of manufacture. By following this procedure, manufacturing capacity for the production of land turbine equipment can be utilized for areas where the possibilities for the production of hydro power do not exist.

I think, gentlemen, it is very important that you adopt the amendment to restore the Table Rock project.

Mr. POWERS. Mr. Chairman, will the gentleman yield?

Mr. ELLIS. I yield.

Mr. POWERS. When will these two dams be completed if they are left in this bill?

Mr. ELLIS. The Bull Shoals Dam will be completed, will start producing power, on December 31, 1944.

Mr. POWERS. That is 2½ years from now.

Mr. ELLIS. According to the Army engineers.

Mr. POWERS. When will it be completed?

Mr. ELLIS. The last of the initial units, that is the prime power, in Bull Shoals, will be ready on April 30, 1945.

Mr. POWERS. And the gentleman says that is a national-defense project, to be ready in 1945?

Mr. ELLIS. Oh, yes; so are these battleships that we are starting and which will not be completed until after that.

Mr. POWERS. Well, how about the other project? When will that be completed?

Mr. ELLIS. Table Rock; the initial units will be ready on June 31, 1945.

Mr. POWERS. And completion will be when?

Mr. ELLIS. The ultimate units for the peak power will be installed in 1946.

Mr. POWERS. I was inquiring because I did not know whether it was a national-defense project for this war or the next.

Mr. ELLIS. Maybe we had better complete them before the other war for this one.

Mr. Chairman, these projects will produce tremendous power; as a matter of fact, they can be ready to produce power about as quickly as some of the defense projects we are building. They will be ready to produce power about as quickly as some of the steam plants. We are building 120,000 kilowatts of steam capacity in my State now. The Federal Government is building it to be fueled by the sour gas. This project will not be ready until 1944. We have a great power shortage in my area. Last year, 1940, 66 percent of all the power used in my State had to be imported, some of it from very long distances. The longer the distance, the higher the price, and that is why you might think some of it must have come from China.

This Bull Shoals, Mr. Chairman, and I am speaking of this because I assume it is the project to which the gentleman from New Jersey referred a while ago.

Mr. POWERS. That is right.

Mr. ELLIS. Intimating that probably an amendment would be offered to strike out the Bull Shoals project. This project will have a power capacity of 336,000 kilowatts. It will have an initial capacity of 126,000 kilowatts of firm power. That is equal to the present power capacity of my State today.

Mr. HOFFMAN. Mr. Chairman, will the gentleman yield?

Mr. ELLIS. I yield.

Mr. HOFFMAN. Can the gentleman tell us how the two dams compare with the St. Lawrence seaway for defense purposes?

Mr. ELLIS. I think there is no comparison. I do not think you could compare them. I am on the committee that studied the St. Lawrence seaway.

Mr. HOFFMAN. The gentleman means that the St. Lawrence seaway would not be a defense project? Or would it? That is what I am getting at.

Mr. ELLIS. That would depend upon the opinion of the individual Members. I think there is no comparison between the two.

[Here the gavel fell.]

Mr. POWERS. Mr. Chairman, I yield 5 minutes to the gentleman from Pennsylvania [Mr. DITTER].

Mr. DITTER. Mr. Chairman, repeated pleas have been made here in the Chamber for the maintenance of morale. I subscribe wholeheartedly to those pleas. Were it not for the protests that have piled on my desk in the last 2 days I would not venture at this time to call the attention of the committee to a condition that has shocked not only the people of Pennsylvania but I believe the people of the country as a whole. I refer to the news that came to us on Sunday morning with reference to the destruction and abandonment of C. C. C. equipment. I hold before you the Sunday edition of the Philadelphia Inquirer. There on the front page is a picture showing truck after truck standing out in the open, allowed to rust and rot. On another page pictures disclosed other vehicles with the same lack of care.

As shocking as that in itself might be, Mr. Chairman, immediately below I find a picture of unused clothing, the like of which the article says has been burned. According to the news article, and there appears to be no denial, overcoats, shoes, blankets, and other equipment have been burned by the C. C. C. According to the press of Monday when the attention of the C. C. C. was called to the practice I understand the excuse was offered that this practice was pursued because of the vermin-infested condition of the clothing and bedding. Whether it was wantonly destroyed or whether this lame excuse vermin-infested condition caused the destruction, it seems to me that we have come to a time when negligence and poor housekeeping should receive the attention of the executive branch of the Government. If on the smaller scale of the C. C. C. camps we could not inaugurate a better housekeeping program than to make it necessary to destroy clothing and bedding because of the vermin that infested it, then what will happen if a like lack of care prevails for the boys of the Army in their camps?



Mr. WOODRUM of Virginia. Will the gentleman yield?

Mr. DITTER. I yield to the gentleman.

Mr. WOODRUM of Virginia. I am wondering what the gentleman would suggest ought to be done with bedding and clothing of a C. C. C. camp that has been vermin infested?

Mr. DITTER. First of all, I think there should originally be enough housekeeping that the vermin would not be there. My impression is, the gentleman would not countenance in his own home or in his own camp conditions like this to develop. The gentleman from Virginia impresses me as a good householder. And good housekeeping, such as the thrifty, industrious householder and housekeeper in Pennsylvania practices, has no place for vermin-infested clothing and bedding.

There is no justification for the wanton destruction of clothing at any time, much less at a time such as this. No matter what its condition may be, reclamations could be made. Even though the poor housekeeping practices which prevailed in these camps permitted the vermin infestation, science certainly could afford relief without resorting to the burning of the clothing and the bedding. To attempt to excuse willful waste of this kind by either the plea that vermin were present or that no means were at hand for their extermination lends little in the way of encouragement to those who are willing to make all-out war sacrifices. Were we to do nothing else, the clothing and bedding could be reprocessed. Wool for civilian use has come under the ban of restrictions, and yet the Government itself evidences no regard whatever for its value, as woolen clothing and woolen blankets are tossed into a fire to be burned.

One restriction after another has been issued out of Washington—all predicated on the shortages of materials of one kind or another. One by one items for civilian use have been restricted. A few days ago Mr. Henderson was quoted as saying that the seizure of tires on private cars might be necessary. And yet both tires and cars in C. C. C. camps have been allowed to deteriorate. Vehicles of all kinds; trucks, tractors, and implements of other types have been allowed to weather the storms, rusting and rotting because of a wanton disregard of their worth or their possible adaptation to other needs.

I submit, Mr. Chairman, there is no excuse for practices of this kind. They cannot be excused or explained. They characterize the disregard of money which I fear has become a deep-seated philosophy in the administration of government. Spending money, not saving money, has been the dominant philosophy of the administration. Loose fiscal policies have brought us to the place where one increase after another of the public debt is contemplated. Today we reached an all-time high when an authorization of one hundred and twenty-five billions in debt was approved.

The morale of our people will not be sustained by profligacy and waste. Burning clothing, allowing trucks and

tractors to rust and rot will contribute nothing to the maintenance of morale. The best stimulant that could come would be the evidence that a frugal, careful, and painstaking effort was being made by the Government to save for security. We will never waste our way to the winning of the war, and make no mistake about it, the people are getting to know that more and more every day. If our people are to stint and save, why, in heaven's name, should the Government go in the opposite direction—wasting and destroying?

Mr. Chairman, all of us are determined to do our utmost to win the war. Is it too much to ask those who administer our Government to set themselves to the same task and to use the same standards? A stubborn refusal to listen to reason and to conform to common-sense methods should not be countenanced in peacetime. It cannot be condoned in time of war.

[Here the gavel fell.]

The CHAIRMAN. All time has expired. The Clerk will read the bill for amendment.

The Clerk read as follows:

For maintaining and improving national cemeteries, including fuel for and pay of superintendents and the superintendent at Mexico City, and other employees; purchase of grave sites; purchase of tools and materials; repair, maintenance, and operation of passenger-carrying motor vehicles; care and maintenance of the Arlington Memorial Amphitheater, chapel, and grounds in the Arlington National Cemetery, and that portion of Congressional Cemetery to which the United States has title and the graves of those buried therein, including Confederate graves, and including the burial site of Pushmataha, a Choctaw Indian chief; repair to roadways but not to more than a single approach road to any national cemetery constructed under special Act of Congress; for headstones or markers for unmarked graves of soldiers, sailors, and marines under the Acts approved March 3, 1873 (24 U. S. C. 279), February 3, 1879 (24 U. S. C. 280), March 9, 1906 (34 Stat. 56), March 14, 1914 (38 Stat. 768), February 26, 1929 (24 U. S. C. 280a), and April 18, 1940 (54 Stat. 142), and civilians interred in post cemeteries; for repairs and preservation of monuments, tablets, roads, fences, and so forth, made and constructed by the United States in Cuba and China to mark the places where American soldiers fell; care, protection, and maintenance of the Confederate Mound in Oakwood Cemetery at Chicago, the Confederate Stockade Cemetery at Johnstons Island, the Confederate burial plats owned by the United States in Confederate Cemetery at North Alton, the Confederate Cemetery, Camp Chase, at Columbus, the Confederate Cemetery at Point Lookout, and the Confederate Cemetery at Rock Island; and for care and maintenance of graves used by the Army for burials in commercial cemeteries, §332.345: *Provided*, That no railroad shall be permitted upon any right-of-way which may have been acquired by the United States leading to a national cemetery, or to encroach upon any roads or walks constructed hereon and maintained by the United States: *Provided further*, That no part of this appropriation shall be used for repairing any roadway not owned by the United States within the corporate limits of any city, town, or village.

Mr. HOFFMAN. Mr. Chairman, I move to strike out the last word, and I ask unanimous consent to revise and extend my own remarks in the RECORD.

The CHAIRMAN. Is there objection to the request of the gentleman from Michigan [Mr. HOFFMAN]?

There was no objection.

Mr. HOFFMAN. Mr. Chairman, the gentleman from Virginia asked the gentleman from Pennsylvania what he would do with that clothing, intimating that nothing other than burning could be done with it, that it was of no value. Well, in our country it would have been sent to the paper mills that use old rags and make the finest of paper out of stock of that kind.

Mr. WOODRUM of Virginia. Will the gentleman yield?

Mr. HOFFMAN. I yield to the gentleman.

Mr. WOODRUM of Virginia. The gentleman thinks that vermin-infested clothing and bedding should be sent to the paper mill?

Mr. HOFFMAN. Why, bless your heart, it does not make any difference how much vermin there is in it or how much dirt there may be in it. They might make a deduction in the weight because of the dirt. Did not the gentleman ever see them run a paper mill?

Mr. WOODRUM of Virginia. I would not want to be the workers in a paper mill that handled that kind of stuff.

Mr. HOFFMAN. Well, perhaps a good many Congressmen would not want to work in a paper mill or any other place, but those paper mills buy up these old rags. Mills in the fourth district have used tons of material like that.

Mr. ENGEL. Will the gentleman yield?

Mr. HOFFMAN. I yield to the gentleman from Michigan.

Mr. ENGEL. When a regiment of infantry of the Army or of the troops uses a blanket and it is through with it they do not throw the blankets away. They sterilize them and use them again. These blankets could have been used.

Mr. RICH. Will the gentleman yield?

Mr. HOFFMAN. I yield to the gentleman from Pennsylvania.

Mr. RICH. The poor people in that locality begged the officers for those blankets, and said they would sterilize them. The officers refused to give them up.

Mr. WOODRUM of Virginia. Most of the States—I am not sure that this is true of all of the States, but it is of a great many of them—make it a specific violation of the law to sell used mattresses.

Mr. HOFFMAN. What is that?

Mr. WOODRUM of Virginia. Used mattresses for any purpose.

Mr. HOFFMAN. I was not talking about mattresses. How about blankets?

Mr. WOODRUM of Virginia. Blankets should not be destroyed.

Mr. HOFFMAN. And clothing?

Mr. WOODRUM of Virginia. Unless they are so badly infected that they should be destroyed. I know of some cases where there was nothing to do but to destroy them.

Mr. HOFFMAN. It is common practice for our paper mills to buy old rags, old clothing, and similar material. It is a common practice.

Mr. SMITH of Ohio. Will the gentleman yield?

Mr. HOFFMAN. I yield to the gentleman from Ohio.

Mr. SMITH of Ohio. Certainly there are States that prohibit the sale or use of second-hand mattresses but there is nothing that I know of in any State law that prohibits the renovation and sterilization of other bedding material and its use second-hand.

Mr. HOFFMAN. Mr. Chairman, I yield back the balance of my time.

Mr. CASE of South Dakota. Mr. Chairman, I rise in opposition to the pro forma amendment.

Mr. Chairman, I do not want to take the entire 5 minutes, but I do think that as a matter of record, this responsibility should be put at the door where it belongs. Until lately the property of the Civilian Conservation Corps has been handled by the War Department and not by the C. C. C.; recently the Congress passed a law which put the surplus property of the Civilian Conservation Corps in the hands of the Bureau of the Budget. This is about as senseless a law as we have passed in some time, not barring some others of unsavory memory.

I have gone into this matter of the disposition of the C. C. C. surplus property at different times. I had this question of appalling waste come up in connection with the burning of hundreds of pounds of overshoes. I tried to run it down. I did not find the C. C. C. to blame for it because the property had been turned over to the War Department where it was burned under some old regulations. Trousers that could be worn were sterilized and then ripped up the pant leg and then sold to the Salvation Army to sew up again. This waste should be rooted out, but the responsibility should be put where it belongs.

Mr. WHITTINGTON. Mr. Chairman, I move to strike out the last two words.

Mr. Chairman, I rather hesitate to detain the Committee, and I would not this time but for the suggestion made that the House of Representatives by having passed the so-called Smith bill in December is not at all responsible now for the strikes that obtain and for the lagging in defense production. There were almost twice as many strikes in defense industries in February 1942, the shortest month in the year, as there were in January 1942.

Mr. Chairman, the Smith amendment recently voted on provided for the suspension of the 40-hour week and for the elimination of time and a half and double time. I think we certainly made a mistake in not passing the provision of that bill, which provided for the suspension of the 40-hour week. We made a mistake because we thought that organized labor was protected and that organized labor was operating under contracts already made. We were erroneously led to believe unorganized labor would not be protected. On that very day the Congress of the United States approved a \$32,000,000,000 appropriation for which no contracts had been made.

In my judgment, the profits would not inure to the general contractor, in many cases, because their contracts are negotiated and on a commission basis. The trouble is that the additional costs above

40 hours have to be paid by the taxpayers of the Nation.

I can understand the attitude of those who opposed the elimination of overtime pay and double-time pay on Sunday, but that does not justify the refusal to suspend the 40-hour week. The trouble is that by statute now, which did not obtain in the first World War, there cannot be any payment except for overtime above 40 hours, and the taxpayers of the Nation are footing the bill, for time and one-half for all work over 40 hours.

In my judgment, the House will not be without blame until we provide for the suspension of the 40-hour week to enable contracts in the future to be made for payment of overtime and to enable contracts to be made on the basis of 50-, 40-, or 44-hour weeks, as the case may be, by agreement between the employer and employees.

Mr. POWERS. Mr. Chairman, will the gentleman yield?

Mr. WHITTINGTON. I yield to the gentleman from New Jersey.

Mr. POWERS. Does not the gentleman admit that the President now has that power under the Walsh-Healey Act and the first Lend-Lease Act?

Mr. WHITTINGTON. I do not. The provisions of the acts expire on the first day of July 1942, applicable to the lend-lease.

Mr. POWERS. I am not thinking of the expiration date.

Mr. WHITTINGTON. I beg the gentleman's pardon. I have not replied as to the Walsh-Healey Act. Under that act there must be a determination of the Secretary of Labor, not by the President, and the Secretary of Labor has not made many determinations as to excess hours, but under the Walsh-Healey Act all hours fixed above 40 must be paid for at at least time-and-one-half-time pay.

I am saying that there will never be that production that Coordinator Nelson is calling upon the country to make until all of us, whether we speak for labor, for agriculture, or for industry, have reached the point where this Congress and this country cannot continue to make appropriations as usual and cannot continue to do business as usual, and until all of us are willing to make the sacrifices that I believe labor wants to make if they are given an opportunity, to wit, that we ourselves take away that statutory provision that now requires us to pay those who are working over 40 hours time and a half for every hour that is worked above 40 hours.

The gentleman from Texas [Mr. LAMHAM] is right and the gentleman from South Dakota [Mr. CASE] is right. They have spoken about the most important question that confronts the American people today.

It is the question of production. It is the question of the cost of that production. It is the question of the taxes that must be raised and paid. It is being brought home to the American people today as we approach March 15, when income taxes must be paid. Until all of us are willing to do our duty that question will not be solved.

I extend by saying that the House of Representatives cannot solve their con-

sciences by saying that the House passed the Smith bill in December 1941 and that it is still pending in the Senate. Until the House passes legislation to suspend for the duration of the war the 40-hour statute the House will not have done its duty. As long as that statute remains, all work above 40 hours must be paid for at time and a half overtime. That means that the costs of the war will be increased by at least 20 percent. The country is aroused. The people will not be satisfied by merely increasing the pay of the soldier. They are demanding that labor be given an opportunity to work, for the people know that we must work as well as fight to win the war.

#### FORTY-HOUR LIMITATION MUST BE REPEALED

The administration and the Congress have been telling the country what they were going to do about defense production since the fall of France in 1940. The country now demands evidence of actual production. Donald Nelson pleads for maximum production.

While personally I opposed the 40-hour limitation at the time it was adopted in the Fair Labor Standards Act, I recall that it was enacted so that during the depression, when there was widespread unemployment, there would be jobs for all. The reason for the statute no longer obtains. The statute itself should be suspended.

The gentleman from New Jersey [Mr. THOMAS] insists that under the Walsh-Healey Act, approved on June 30, 1936, the Secretary of Labor may make rules and regulations respecting minimum rates and maximum hours, but under the Walsh-Healey Act, which provides for 8 hours in 1 day and not in excess of 40 hours in 1 week, it is distinctly stated that if the Secretary of Labor permits an increase in maximum hours the Secretary shall set a rate of pay for any overtime, and I quote from the act:

Which rate shall not be less than one and one-half times the basic hourly rate received by any employee affected.

Members of Congress cannot sit by in complacency, admit that there is a peril in the labor situation, and insist that the Secretary of Labor and the President of the United States can suspend wages and hours in defense industries.

When the Smith amendment was under consideration some 2 weeks ago to suspend the 40-hour week it was asserted that organized labor was protected by existing contracts and that the amendments would discriminate against unorganized labor. Organized labor was urging the defeat of the Smith amendments. There was no protest from unorganized labor. Unorganized labor pleads for a chance to work in defense plants; they are begging that they be freed from the labor racketeer; they are insisting that it is un-Americanism when any labor union can require any citizen to pay \$25, \$50, or any other amount to work for the defense of his country. I always beware of the Greeks bearing gifts. When the spokesmen of organized labor urged the defeat of the Smith amendment because it would discriminate against unorganized labor, to me the contention fell to the ground because the opposition to the



Smith amendment was from organized labor alone and not from unorganized labor. Unorganized labor pleads that Congress will save it from those who have obtained control of many of the labor unions. The great body of both organized and unorganized labor is patriotic. They expect Congress to free them from the domination of selfish labor leaders and labor racketeers.

As was pointed out when the Smith amendment was under consideration the first war-power bill, approved June 28, 1940, authorizes the President to suspend the 8-hour provision and the 40-hour week, but under the Fair Labor Standards Act, which fixes the official week at 40 hours, when he does suspend there must be payment of time and a half for overtime and double pay for holidays.

The same is true with respect to the Maritime Commission. The suspension in these two acts, and they are the only acts except the Walsh-Healey Act that provide for changing the hours, expire on June 30, 1942.

It is not a question of working longer than 40 hours, but as long as the statute obtains and is not suspended labor insists that all time over 40 hours be paid for at time and a half for overtime above 40 hours.

The 40-hour week was suspended in the first World War. Frankly, the time-and-a-half provision was not suspended, but if the statutory 40-hour week is suspended then the week can be fixed as it was fixed in the first World War at 44 hours, and as I recall in many cases 48 and longer hours.

The argument against the suspension of the 40 hours that the profits would accrue to the contractor is unsound. At the most it could apply only to the comparatively few contracts that now exist. It is a matter of common knowledge that practically all war contracts were either negotiated or on a fee basis. The contractor gets his commissions or fees no matter what the cost. If the 40-hour week is suspended, therefore, whatever benefits accrue to the Government and this means that they accrue to the taxpayers of the Nation.

I repeat to emphasize that on February 27, the very day the so-called Smith amendment was defeated, Congress was approving the \$32,000,000,000 appropriation for the prosecution of the war. The contracts for the expenditure of this stupendous sum have not been made. Donald Nelson insists upon contracts that can be executed speedily. Competitive bidding has been eliminated. Negotiated contracts will obtain.

If laborers work longer than 40 hours under the law, as well as under the contracts of the unions with the employers, they will be paid time and a half for all work in excess of 40 hours. Income taxes are being returned. March 15 is approaching. The taxpayers know that the costs of prosecuting the war are already burdensome. They are being taxed until it hurts now. The prospective taxes will be more burdensome. They are willing to be taxed, but they are unwilling for munitions and plants to cost from 20 to 100 percent more than they should cost

but for a statutory provision regulating hours that was applicable to a period of widespread unemployment.

The costs are figured for straight time. The straight time is 40 hours; it should be suspended. It is said that electricians on Navy contracts get as high as \$50 a day because of double-time Sunday work. I am told good shipyard foremen in Los Angeles are getting as much as \$190 per week by working 70 hours.

I know that many workers in defense plants are now working longer than 40 hours, but they are being paid time and a half for time over 40 hours. The soldier in the camp is paid \$21 a month and the carpenter on the job is often paid \$21 a day.

I pointed out when the Smith amendment was under consideration that the amendment was carefully considered. It was asserted that it had not been considered by the Judiciary Committee. I now call upon the Judiciary Committee to consider the Smith amendment, and to report a bill that will give the House an opportunity to provide for the suspension of the 40-hour week. I now call upon the House of Representatives to do its duty and to respond to the demand of the country. Increased production will result. Workers are willing to work longer hours; they are satisfied with their pay.

The House has not done its duty, because it passed the Smith bill in December. That bill reposes in the other body; it does not provide for the suspension of the 40-hour week. It is all right as far as it goes, but the number of strikes in February 1942 was 76 percent greater than the number reported in January 1942. We had nearly twice as many strikes in February as we had in January. While the President of the United States was asking for uninterrupted production on Washington's Birthday, workers in San Francisco were on strike. While drafted farmers and laborers were serving the flag and country for \$21 a month, and while they were guarding the grounds where there were workers who received \$21 a day, there was a strike in California as the Japanese were shelling Pasadena.

We might as well be frank. Labor racketeers are destroying national defense. The butchery at Pearl Harbor has not stopped the epidemic of strikes. The President should speak out. The Senate should act on the Smith bill. The House should pass a bill suspending the 40-hour week.

While farmers, laborers, clerks, and students, the very flower of the young manhood of the Nation, are being drafted, they are not being sufficiently armed to protect their own lives, much less to save their country.

The supreme question confronting the American people is the increase of production for which the taxpayers are willing to pay reasonable wages, and the elimination of strikes to provide for the all-out prosecution of the war.

We recall the tragic fate of France. The United States must wake up before it is too late.

[Here the gavel fell.]

Mr. POWERS. Mr. Chairman, I rise in opposition to the pro forma amendment.

Mr. Chairman, many of the things the gentleman from Mississippi has said are perfectly true. Certainly we all want production and want the fullest production in these serious times. But I am getting tired of sitting here day after day and having some Members get up and blame our lack of production on Congress.

As I interrogated the gentleman, all of you got the general idea of what I was driving at. The President now has the power to do anything he cares to do with the 40-hour week or anything else under the Walsh-Healey Act and under the first Lease-Lend Act. If the gentleman wants the 40-hour week suspended, why does he not get in contact with the President and say, "Mr. President, you have this power; why not do it?" Why constantly blame Congress if Congress is not to blame?

Mr. WHITTINGTON. The answer to that is that if you suspend the operations of that law you pay them overtime for every hour over the 40 hours, and until Congress repeals that law we will not have any change in the situation.

Mr. POWERS. Let me ask the gentleman, What has the Secretary of Labor done about that?

Mr. WHITTINGTON. No matter what the Secretary of Labor has done or not done, that does not keep Congress from acting.

Mr. POWERS. I ask the gentleman "What has the Secretary of Labor done?" and the answer is "Nothing." Then I ask the gentleman again "What has the President done about it?" and the answer is "Nothing." I am sick and tired of having Congress blamed for it.

Mr. RICH. Mr. Chairman, will the gentleman yield?

Mr. POWERS. I yield.

Mr. RICH. What has the Committee on Labor of the House of Representatives done about it? Nothing.

Mr. POWERS. The gentlewoman from New Jersey is here and is capable of answering any question that the gentleman might propound.

Mr. HOFFMAN. Mr. Chairman, will the gentleman yield?

Mr. POWERS. I yield.

Mr. HOFFMAN. In answer to the gentleman from Pennsylvania, I cannot speak for the Committee on Labor, but as a member of that committee I put in a bill to stop that from every possible angle I could think of, and it is not my fault if bills are not reported out from that committee. One more question. I agree with what the gentleman said about the President having authority, but what does the gentleman think of the proposition when he will not act? Do you not think it then becomes our responsibility to do something if we can?

Mr. POWERS. The President has never taken me into his confidence, and I cannot control his confidence.

Mr. HOFFMAN. But the people are going to take us into their confidence come November.

Mr. RICH. Mr. Chairman, will the gentleman yield?

Mr. POWERS. I yield to the gentleman.

Mr. RICH. I would like to know from the gentleman, inasmuch as he is on the Labor Committee, if he cannot get them to do something? They sit there like bumps on a log and do not do anything.

Mr. POWERS. I yield to the gentleman from New Jersey [Mr. EATON].

Mr. EATON. I would like to call the gentleman's attention to a complete answer to this question. The Attorney General, Mr. Biddle, the other evening at a select party at the Cosmos Club, made the statement that the New Deal is a political party tied up with the labor movement. Does not that answer your question as to why nothing is done?

Mr. POWERS. I think that answers the question pretty fully.

Mr. DIRKSEN. Mr. Chairman, I move to strike out the last word.

Mr. Chairman, for 6 days the House has labored with the earnest hope of achieving a few meager economies in the appropriations for the Department of Agriculture. I sincerely hope that that same temper will prevail when this bill is finally concluded and that additional economies may be accomplished; but as one labors at the job of saving a little money for the taxpayers of the country, he can scarcely help being distressed when he observes what I have observed the last few mornings at the corner of Pennsylvania Avenue and Fourteenth Street. I see there a resplendent stockade building of new lumber, and for a moment I thought they had moved the Yankee ball park to Washington. It represents the preliminary construction effort for a new building to be constructed for the Office of Government Reports. It is estimated to cost \$600,000 and to furnish an additional 70,000 square feet of space.

For several years I knocked the O. G. R. out on points of order when it appeared in the appropriation bills, until June of 1941, when it was clothed with statutory authority. Now it is proposed to enshrine this agency of information in a new temple of wisdom in the middle of Washington, D. C. It is to be temporary. It is to cost \$600,000. It will cost more when all the supplies are included. It is an agency that has 532 people on the pay roll presently dispensing wisdom and information and serving as a clearing house to keep the country acquainted with what Government is doing and to acquaint the Government with what the country is doing and thinking. Their annual rental bill is only \$23,000. This building will be temporary, and when the war is at an end it will be torn down. On the basis of their present rental estimates, they could pay rent for 28 years for the amount of money that will be included in this new building.

I think it is a shame and an outrage that this sort of thing should happen. We could buy four good bombers or we could buy four first-class interceptors with the amount of money that will be spent upon this temple of information. I assume it will not be so elaborate as the Jefferson Memorial, and probably not so humble as the log cabin in which

Abraham Lincoln was born. But it is going to take \$600,000 of the taxpayers' money and it is going to be destroyed after the conflict is over. Perhaps by that time they will be so permanent in fact that they will want a permanent home of their own.

When we talk about victory and vigilance, this is a fine example for the people of the country as we shout at them that there ought to be unity in the war effort in the hope of an early triumph of the arms of this country. I suppose O. G. R. thinks that a ukase or a press release issued from down there will be more effective than a thousand-pound bomb. We set up a censorship office under Byron Price, formerly with the Associated Press, to see that information does not get to the people and then we set up this temple of information under Lowell Mellett, formerly of United Press, for the purpose of getting it out to them, and it does not make sense. One agency to reveal and one to conceal. Well, they are building it close enough to the Treasury, and one will be able to reach out of the upstairs window to that fount from which flow all of the blessings, and into which flow all the blessings squeezed from the taxpayers; and I suppose it is no accident that it was built so close to the Treasury.

I am not seeking to be funny or facetious. My heart is distressed. I fought for 6 days on this floor to save \$500,000 in the Office of Information, to get a few dollars saved here and there, and then in the resplendent sunshine of early morning, as you walk up to the Capitol you see a stockade which looks like a ball park, which is just another evidence of \$600,000 of money squandered. Is it any wonder the people get sick at heart? When the O. G. R. administrative appropriation was before the House in January, there was no hint or suggestion that there was to be a new building that should house them. Here is the evidence that we have created a bureau that will go on for all time to come. Neither the Office of Government Reports nor the new building are essential to victory and both could be dispensed with for the duration.

Mr. CREAL. Mr. Chairman, I move to strike out the last word.

Mr. SNYDER. Mr. Chairman, will the gentleman yield?

Mr. CREAL. Yes.

Mr. SNYDER. Mr. Chairman, I ask unanimous consent that all debate upon this paragraph and all amendments thereto close in 6 minutes.

The CHAIRMAN. Is there objection? There was no objection.

Mr. POWERS. Mr. Chairman, a parliamentary inquiry. Would it be in order for the Chairman or for me to move that during the reading of this bill from this point on no amendments must be offered or speeches made unless they refer to the bill?

The CHAIRMAN. It could be done by unanimous consent.

Mr. POWERS. Then, Mr. Chairman, I ask unanimous consent that that be done.

The CHAIRMAN. Is there objection?

Mr. CASE of South Dakota. Mr. Chairman, I reserve the right to object.

Mr. O'CONNOR. Mr. Chairman, I reserve the right to object.

Mr. HOFFMAN. Mr. Chairman, I object.

The CHAIRMAN. The gentleman from Kentucky [Mr. CREAL] is recognized.

Mr. CREAL. Mr. Chairman and members of the committee, having always posed as the champion of the under dog, I listened with some interest to the report of the burning of vermin-infested clothes of the three C's camps, and I fully agree with the gentleman from Pennsylvania [Mr. DITTER] who raises that question, that it ought not to have been done. But vermin are not so bad. There is a lot of people who were raised with them, who inherited them and have had them all of their lives, and if you give them a new suit of clothes on Sunday, you will find that they are infested before Saturday night, and they wear the clothes out without ever being bothered about it. I think they should have advertised the clothes, and said to people who came to get them, that they are vermin-infested, and that part of our population that does not like anything of that kind need not come, but those who do not mind the vermin could have gone and gotten those clothes, and used them, just like the ones they had on. So I join in condemnation of that.

Now, Mr. Chairman, there is a lot of vermin in a lot of places that ought to be remedied. There is a lot of vermin in this war program, and in a lot of the departments, and there is a lot of vermin in the arguments on this floor, and if you would strike out all of the vermin that is in the "CONGRESSIONAL" here, then, instead of looking like a Sears, Roebuck catalog, the CONGRESSIONAL RECORD would look like a post card, and we would be able to effect a good deal of economy in the CONGRESSIONAL RECORD. It is the same with some of the subjects that are discussed here, including the one that I am discussing now—there is a lot of vermin in it; but I call attention to the fact that there are people who might have used this clothing, because some bedbugs have a special allergy toward some people and will not bite them at all. You hear people say that the bedbugs bothered them last night, and then another will say that they never bothered me at all, and so on, and those people where the bedbugs have a special allergy toward them could take those clothes and wear them, because the vermin would go away the very first night they had to stay with the fellow. If you get rid of all the vermin, what will happen to all the factories that make insecticides? You would be putting a lot of people out of employment and you would rob the newspapers of a lot of advertisement and maybe compel these people who act as door-to-door salesmen who have blue chalk water guaranteed to kill all vermin by putting a few drops on the bedpost.

Now, that is something I am concerned about—vermin and the people who make a living dealing with them. So for that reason I am in full accord that this stuff ought not to have been destroyed, and I hope they will not do it any more, if there is nothing more wrong with it than that



it is vermin-infested, because there is a lot of good wear in it yet, whether those who take it have it disinfected or not. But while we are looking for the Jap vermin in the Pacific, let us not get too far out of line and allow this thing to happen any more—destroy a lot of good shoes and pants and coats on the mere pretext that they are vermin-infested. It is not the Government's place to take care of these vermin, but indirectly they are doing it. But I suppose the Lord created them for some sort of purpose, and we should not be so sacrilegious as to say that they have no right to exist at all. Suppose you left it up to the vermin to say whether or not you would exist, you might have to sign off. What would be their vote if passing on some of us? Who are we that should pass judgment on them?

A lot of people who have nothing else to do get much satisfaction by scratching, and why should we want to rob them of that pleasure? There is such a thing of getting too high-hatted and super-particular. The gentleman from Pennsylvania is right, the vermin-infested clothes should not have been burned: give the vermin a chance.

The CHAIRMAN. The Chair recognizes the gentleman from Tennessee [Mr. GORE]

Mr. GORE. Mr. Chairman, I rise to read three sentences from the column My Day, written by that charming and distinguished First Lady of the Land, Mrs. Franklin D. Roosevelt:

We had some very interesting discussions yesterday afternoon at the White House on the subject of what the general attitude of the people should be during this war period. . . . It seems to me there should be immediately a freezing of prices, of profits, and of wages. No one can be frozen without freezing all.

[Here the gavel fell.]

The Clerk read as follows:

#### SIGNAL CORPS

##### ALASKA COMMUNICATION SYSTEM

For operation, maintenance, and improvement of the Alaska Communications System, including travel allowances and travel in kind as authorized by law, and operation and maintenance of passenger-carrying vehicles, \$227,840, to be derived from the receipts of the Alaska Communication System which have been covered into the Treasury of the United States, and to remain available until the close of the fiscal year 1944: *Provided*, That the Secretary of War shall report to Congress the extent and cost of any extensions and betterments which may be effected under this appropriation.

Mr. O'CONNOR. Mr. Chairman, I move to strike out the last word.

Mr. SNYDER. Will the gentleman yield?

Mr. O'CONNOR. Yes; I yield.

Mr. SNYDER. I ask unanimous consent that all debate on this paragraph and all amendments thereto close in 5 minutes.

The CHAIRMAN. Is there objection? There was no objection.

Mr. O'CONNOR. Mr. Chairman, the Fort Peck power plant is being completed at a total cost of \$5,845,000. This bill carries \$1,300,000 for the construction of the power house, surge tanks, and penstocks, which sums are required to meet payments under the final contract. It

is to be hoped that this work will be completed by July 1, 1943, so that power will be ready for delivery and the entire plant running to its fullest capacity will be completed between 6 and 9 months later. The War Department has been requested to expedite the job to produce the power. When the ultimate installation is completed there will be produced 105,000 kilowatts. This would be sufficient to accommodate for domestic, commercial, and all other purposes a city of 250,000 people.

There is a dirth of power in the country. If there is one thing that is necessary to be developed and increased in our defense program it is electric power. Particularly is this so in this section of the Northwest. It is now thought that there are vast deposits of chrome and other strategic minerals located within reach of this new source of power. This is one of the most needed developments of the Northwest not only from the standpoint of development of power for commercial and mining purposes but also for transmission to regions of the Great Plains areas of eastern Montana and western North Dakota for reclamation purposes. One of these regions is included in the territory along the Yellowstone in Montana from Glendive to Miles City. Another includes the territory north of the Missouri River in Montana and North Dakota from Fort Peck to and approximately 40 miles east of Williston, N. Dak., and the other territory along the Milk River in Montana from Fort Peck to Saco.

Irrigation projects are nearing completion along the Yellowstone River above Glendive, Mont., and on the Missouri near Williston, N. Dak. It is desired that the contracts for material be let at once as the costs of same are rapidly advancing and it is economy as well as meeting a necessity to bring about the completion of this plant at as early a date as possible.

#### RIVERS AND HARBORS AND FLOOD CONTROL

To be immediately available and to be expended under the direction of the Secretary of War and the supervision of the Chief of Engineers, and to remain available until expended.

Mr. CASE of South Dakota. Mr. Chairman, I offer an amendment, which is at the desk.

The Clerk read as follows:

Amendment offered by Mr. CASE of South Dakota: On page 4, after line 10, insert "Alaskan Highway: For prosecuting the construction of a connecting highway from the States to and into Alaska, \$5,000,000."

Mr. TABER. Mr. Chairman, I reserve a point of order against the amendment.

Mr. CASE of South Dakota. Mr. Chairman, the bill as reported to the Committee is something over \$5,000,000 below the total Budget recommendations. My amendment will leave the total within the Budget.

This Alaskan highway is something that no one should delay, and I sincerely trust that no one will take the responsibility of seeking to delay it at this time.

In May 1941 the Secretary of War was not convinced that an Alaskan highway was needed. In December 1941 he said that it was needed. Within the week he has announced that work has begun.

Alaska offers the nearest land base that we have for sending planes to attack or bomb Japan. A highway is needed to send supplies and construction materials to bases there. The completion of the highway at the earliest possible date, with the approval of Congress, is important. It is a cheap way to save shipping. Using ships to send supplies to Alaska at the present time means taking ships that are needed elsewhere to carry goods beyond the reach of any land route. And no one can tell how long we can continue to ship. It is a risky, dangerous route, open to submarine attack under present conditions.

The argument for the Alaskan highway has been made so much by the press and has been made by people generally so much that it seems to me it should not be necessary to argue the point and I waive the balance of my time.

I submit to you that the Congress should immediately make appropriation for completing the construction that is now begun.

Mr. TABER. Mr. Chairman, I make the point of order against the amendment that it is not authorized by law.

Mr. CASE of South Dakota. Mr. Chairman, I would like to be heard.

The CHAIRMAN. The Chair will be pleased to hear the gentleman.

Mr. CASE of South Dakota. In the first place, I doubt that it requires an authorization for the Corps of Engineers to carry on this work. The paragraph immediately preceding this was a paragraph dealing with the Signal Corps, for which we made an appropriation to carry on the Alaska Communications System.

Even if this project were one which required authorization by law the rules of the House provide that where a project is under construction and an appropriation is made for continuing construction, the appropriation is in order and is not subject to a point of order.

I call the Chair's attention to an Associated Press dispatch that appeared throughout the country in the papers of March 7, in which this statement was made:

An advance crew of American engineers is at Dawson Creek, and dozens of freight cars carrying construction equipment are expected to pass through Alberta in the next few weeks.

I also call attention to a statement on page 4 of the Official Information Digest issued by the Office of Government Reports on March 5, in which it is stated that War Secretary Stimson announced that Engineer Corps troops were already on their way to work on roads for this Alaskan highway. In other words, construction has already begun.

The United Press this morning reported that 93 soldiers and engineers had arrived from a fort at Cheyenne, Wyo., and were already in Canada working on this highway. The highway is under construction, and on this basis an amendment providing continuation funds should be in order in this bill. This work could not have been begun, engineers and troops could not have been sent there without an allocation of money from some emergency fund. The precedents are well established, that

when construction has been begun by an allotment of public funds, it is in order to appropriate funds to continue construction.

Mr. STARNES of Alabama. Mr. Chairman, I make the further point of order against the gentleman's amendment that it is not germane to this paragraph or any portion of the bill.

Mr. CASE of South Dakota. In that connection, Mr. Chairman, I have read a statement issued by the Office of Government Reports which states that it is the Engineer Corps that is engaged in this road-building work. The paragraph to which I offered the amendment deals with civil construction by the Corps of Engineers. I feel that the amendment is germane. Where else would you carry such a paragraph? Certainly not in the regular bill for the Military Establishment. Highway building is a civil function, and this is the civil-functions bill.

The CHAIRMAN (Mr. BULWINKLE). The Chair is ready to rule.

The mere fact that press reports show that certain groups are in Alaska does not constitute in the mind of the Chair that there is really a working performance going on in this project at all.

The Chair, therefore, sustains the point of order.

Mr. CASE of South Dakota. Mr. Chairman, a parliamentary inquiry.

The CHAIRMAN. The gentleman will state it.

Mr. CASE of South Dakota. Did the Chair understand that I quoted also from the Information Digest issued by the Office of Government Reports?

The CHAIRMAN. The mere information does not constitute an authorization, or does not show the work has actually begun, and is in course of construction.

The Clerk will read.

The Clerk read as follows:

Flood control, general: For the construction and maintenance of certain public works on rivers and harbors for flood control, and for other purposes, in accordance with the provisions of the Flood Control Act, approved June 22, 1936, as amended and supplemented, including printing and binding, newspapers, lawbooks, books of reference, periodicals, and office supplies and equipment required in the Office of the Chief of Engineers to carry out the purposes of this appropriation, and for preliminary examinations and surveys of and contingencies in connection with flood-control projects authorized by law, \$144,973,700: *Provided*, That funds appropriated herein may be used for flood-control work on the Salmon River, Alaska, as authorized by law: *Provided further*, That funds appropriated herein may be used to execute detailed surveys, prepare plans and specifications, and to procure options on land and property necessary for the construction of authorized flood-control projects or for flood-control projects considered for selection in accordance with the provisions of section 4 of the Flood Control Act approved June 28, 1938: *Provided further*, That the expenditure of funds for completing the necessary surveys and securing options shall not be construed as a commitment of the Government to the construction of any project: *Provided further*, That no part of appropriations made available to the Secretary of Agriculture for preliminary examinations and surveys, as authorized by law, for run-off and water-flow retardation and soil-erosion prevention on the watersheds of flood-control projects, shall be obligated from March

6, 1942, to June 30, 1943, for initiating work upon new projects or for prosecuting work upon projects heretofore commenced, unless, as to the latter, they accord with priorities specifically approved by the Secretary of War and the Secretary of Agriculture.

Mr. RICH and Mr. TERRY rose.

The CHAIRMAN. The Chair recognizes the gentleman from Arkansas, a member of the subcommittee.

Mr. TERRY. Mr. Chairman, I offer an amendment.

The Clerk read as follows:

Amendment offered by Mr. TERRY: "On page 7, line 5, strike out \$144,973,700 and insert \$147,078,700."

Mr. RICH. Mr. Chairman, I reserve a point of order against the amendment.

The CHAIRMAN. The gentleman from Pennsylvania reserves a point of order against the amendment.

The gentleman from Arkansas is recognized for 5 minutes in support of his amendment.

Mr. TERRY. Mr. Chairman, the purpose of this amendment is to raise the amount carried in the bill, \$144,973,000 for flood control to an amount that will be sufficient to include the beginning of the work on the Table Rock Reservoir.

Congress has authorized for the White River Basin \$49,000,000 to be appropriated for the prosecution of a comprehensive dual purpose flood control and power program in the White River Basin. According to the testimony in the hearings, \$15,870,000 was allocated from funds previously appropriated against this authorization. The Budget has presented four projects in the White River Basin which total \$37,525,000.

The appropriation of this amount, in conjunction with the \$15,870,000, would result in a total of \$53,395,000, or \$4,395,000 in excess of the \$49,000,000 that has been authorized to be appropriated.

The Committee of the Whole eliminated the \$6,500,000 which was included in the Budget sent down on February 20 for the construction of Table Rock Reservoir. When this matter was up in the subcommittee at the time of the marking up of the bill, a motion was made by a committee member to eliminate Table Rock, but the subcommittee voted against cutting out the Table Rock item. When the bill came up in the full committee on appropriations, on a very close vote, the committee eliminated Table Rock on the theory that—and it was a fact—the appropriation was over the authorization. So the Table Rock item was eliminated, as I say, by a very close vote.

My amendment merely seeks to raise the amount to the limit of the congressional authorization. If we adopt my amendment we add \$2,105,000 to the amount in the bill for flood control, but it will permit considerable work to be done on the Table Rock project this year and the coming fiscal year, and we shall still be within the authorized appropriation limit carried in the Budget estimate for the whole bill, and we shall not be above the \$49,000,000 which has been authorized by the Congress for the White River Basin.

Table Rock Dam is one of the outstanding dual-purpose dams in the country. The United States Army Engineers,

you will note from the hearings, enthusiastically endorse the Table Rock Dam and the Bull Shoals Dam. In my amendment, only the Table Rock Dam is involved; but the engineers have enthusiastically endorsed both dams as being among the best hydroelectric dams in the country. The Federal Power Commission, through Mr. Leland Olds, the Commissioner, has recommended these dams, including Table Rock, for the production of power for this vast area.

[Here the gavel fell.]

Mr. TERRY. Mr. Chairman, I ask unanimous consent to proceed for 2 additional minutes.

The CHAIRMAN. Is there objection to the request of the gentleman from Arkansas [Mr. TERRY]?

There was no objection.

Mr. TERRY. Mr. Chairman, this dam will be completed in 1946 and energy produced in 1945. It has the recommendation of the President of the United States as one of the hydroelectric projects desperately needed.

This is not merely a flood-control project. Nearly all of the money for this reservoir is for power development, \$2,400,000 being for flood control, and \$34,600,000 being the estimated cost for power. If these dams are built they will produce a great pool of power for that section of the Middle West, including Arkansas, Louisiana, most of Oklahoma and Texas, part of Missouri, and the western part of Mississippi. If there is any one thing that is needed at this time, Mr. Chairman, it is the production of power.

We talk about obstructing the national war program. We could not obstruct it in a more serious way than to cut out these hydroelectric dams that the Army engineers, the Budget, the Federal Power Commission, and the President of the United States have advised and recommended and the construction of which we are urged to begin at this time. So I say to you if you will vote for my amendment you will not be going above the Budget and you will not be going above the authorization.

[Here the gavel fell.]

The CHAIRMAN. Does the gentleman from Pennsylvania [Mr. RICH] insist on his point of order?

Mr. RICH. Mr. Chairman, I insist on my point of order.

The authorization for these two projects was only \$49,000,000. According to the estimate by the War Department, and reading from the hearings, Colonel Reber said that:

Table Rock will be completed on June 30, 1946, at a total estimated cost of \$37,000,000, and Wolf Creek will be completed September 30, 1945, at a total estimated cost of \$50,400,000.

Mr. Chairman, this exceeds the total amount authorized.

The CHAIRMAN. Does the gentleman from Arkansas [Mr. TERRY] desire to be heard on the point of order?

Mr. TERRY. Mr. Chairman, the committee in charge of the bill has checked those figures with the Army engineers in charge of flood control, and the figure that I have included in the amendment is the figure given by the engineers. It



shows a total of \$53,395,000 will be appropriated, including \$15,870,000 past amounts, and those in the Budget estimates for 1943, in the sum of \$37,525,000, with a \$49,000,000 authorization. That would exceed the authorization \$4,395,000. If \$6,500,000 for Table Rock is stricken out, the authorizations will exceed the appropriations in an amount of \$2,105,000, which is the amount of my amendment, and is an amount that will not exceed the Budget estimate and will not exceed the \$49,000,000 authorized by the Legislative Committee of this House for the comprehensive plan for the White River Basin.

Mr. RICH. Mr. Chairman, I may say the gentleman's own figures show that these are the items to begin the project and they will exceed the amount of the Budget estimate.

The CHAIRMAN. The Chair is ready to rule.

This section of the bill, lines 4 and 5, is for preliminary examination, surveys, or for contingencies in connection with flood-control projects authorized by law.

The gentleman from Arkansas in his amendment raises the appropriation, but in that raise it only applies to those projects which are authorized by law; therefore, the point of order is overruled.

Mr. COCHRAN. Mr. Chairman, I rise in opposition to the amendment offered by the gentleman from Arkansas [Mr. TERRY].

Mr. SNYDER. Will the gentleman yield?

Mr. COCHRAN. I yield to the gentleman from Pennsylvania.

Mr. SNYDER. Mr. Chairman, I ask unanimous consent that all debate on this paragraph and all amendments thereto close in 50 minutes.

The CHAIRMAN. Is there objection to the request of the gentleman from Pennsylvania [Mr. SNYDER]?

Mr. TABER. Mr. Chairman, reserving the right to object, is it the intention of the chairman of the subcommittee to go on through with this tonight?

Mr. SNYDER. Yes.

Mr. TABER. That means 7 o'clock or later.

Mr. SNYDER. We will try to finish. There is only one more amendment to be offered, so far as I know, and that will be a short one.

Mr. TABER. Well, there will be quite a lot of amendments offered after this one.

Mr. RANKIN of Mississippi. Why not adjourn to meet tomorrow at 11 o'clock?

The CHAIRMAN. Is there objection to the request of the gentleman from Pennsylvania [Mr. SNYDER]?

There was no objection.

Mr. COCHRAN. Mr. Chairman, I am consistent in opposing this amendment. I think I was the only Member of the House who appeared before the Flood Control Committee in opposition to this project when they increased the authorization to \$49,000,000.

Let us get the picture. The White River Basin contains besides Bull Shoals and Table Rock two other projects, Clear-

water, Mo., and Norfolk, Ark., projects. Clearwater was, I think, started first merely as a flood-control project. It still is. Then Norfolk as a flood-control project. Last year before the Flood Control Committee it was argued Norfolk should be a power project and it was then Bull Shoals and Table Rock were added. The committee placed in the bill language that permitted penstocks to be placed in the flood-control dam so if feasible it could be turned into a power project, but not until it had been approved by Army engineers, Water Power Commission, and others. A tremendous amount of pressure has been used and the recommendation now comes for the power project. All right go ahead with Norfolk as a power project, but why start Bull Shoals and Table Rock until it is determined Norfolk will not supply sufficient power. I want everybody to have cheap electricity but that country will certainly have to develop before the power to be generated at Norfolk is all used.

Now, go into this with your eyes wide open. All you have to do is to start a project, and then you can exceed your authorization. Start these two projects today by your vote, Bull Shoals and Table Rock, and you are increasing the authorization by \$87,500,000. No one can deny that. The decisions of the Chair time and again have held that where a project is in progress, an amendment on the floor of the House above the authorization is in order. So if you spend \$2,000,000 on this project now, you are gone; you are making a new authorization of \$87,500,000 additional because they will start work before next year.

The total amount at Bull Shoals for completion will be \$50,500,000. The total amount at Table Rock will be \$37,000,000. That is what the Army engineers say. Read it in the hearings.

Norfolk, as I said, was originally advocated as a flood-control project. I never objected to that. Later they turned it into a power project. No one is opposing that. But now they want to take these two projects—Bull Shoals and Table Rock—and make them power projects. This second authorization made last year, at which time I spoke against it on the floor of the House. It carried in the flood-control bill of 1941.

You have one big industry down there, a national-defense industry, an aluminum plant. It will need power, but it is already settled that it will have its own power plant. Remember that is settled. No argument about that. Nobody can deny that. It will have its own power plant. See the hearings. Now the issue up to this House is whether you are going to commit this Congress to an expenditure of \$87,500,000 over and above the present authorization. Vote this today and you will have to vote it in the future, because if you start it you are going to have to finish it. So I appeal to you to go along with Norfolk, complete the dam, get what power you can out of the Norfolk dam, and see if that will be sufficient for the area before you commit yourself to spending \$87,500,000 over and above the \$49,000,000 authoriza-

tion. That is the situation that confronts you today.

In the hearings there is a statement by Colonel Reber on page 79 in which he tells you that \$87,500,000 will be required to complete this project.

We are not opposing a national-defense project if we go along and rush Norfolk to completion and get the power at Norfolk before 1945 if we can, but let the other two wait until we see if we are actually going to need them or not. That is the point I make. I hope the amendment is defeated.

Mr. FLOESER. Mr. Chairman, will the gentleman yield?

Mr. COCHRAN. I yield to the gentleman from Missouri.

Mr. FLOESER. Does the gentleman believe that Table Rock and Bull Shoals in themselves are a necessary defense project at this moment?

Mr. COCHRAN. I do not. If I thought so, much as I have been opposed to them I would be voting for them and supporting them; but I am not so convinced. I am for every national-defense project that is needed to win this war.

Mr. FLOESER. I am glad to support the gentleman's argument.

Mr. VINCENT of Kentucky. Mr. Chairman, will the gentleman yield?

Mr. COCHRAN. I yield to the gentleman from Kentucky.

Mr. VINCENT of Kentucky. How long will it take to complete the Table Rock project?

Mr. COCHRAN. 1945 for power, provided priority is granted. They must have priority for the engines, and so forth.

Mr. VINCENT of Kentucky. And flood control?

Mr. COCHRAN. I cannot answer that question.

[Here the gavel fell.]

Mr. SNYDER. Mr. Chairman, I move that the Committee do now rise.

The motion was agreed to.

Accordingly the Committee rose; and the Speaker having resumed the chair, Mr. BULWINKLE, Chairman of the Committee of the Whole House on the state of the Union, reported that that Committee, having had under consideration the bill (H. R. 6736) making appropriations for the fiscal year ending June 30, 1943, for civil functions administered by the War Department, and for other purposes, had come to no resolution thereon.

#### EXTENSION OF REMARKS

Mr. DISNEY. Mr. Speaker, I ask unanimous consent to extend my remarks in the Record at the point at which I concluded a speech on the debt retirement bill this afternoon and to add thereto a speech formerly made by me.

The SPEAKER. Is there objection to the request of the gentleman from Oklahoma?

There was no objection.

#### SPECIAL ORDER

The SPEAKER. Under previous order of the House the gentleman from New York [Mr. DICKSTEIN] is recognized for 20 minutes.

Mr. DICKSTEIN. Mr. Speaker, I ask unanimous consent to extend my remarks in the RECORD and to include therein an article in PM of March 3, 1942, and another in the New York Mirror of March 6, 1942, in connection with my remarks made on the floor today.

The SPEAKER. Is there objection to the request of the gentleman from New York?

There was no objection.

Mr. DICKSTEIN. Mr. Speaker, I take this time now, and I think I should have done so before, in behalf of an outstanding American who has been attacked unjustly on this floor.

In these days when fifth columnists and other traitors to this country are parading as true Americans, it is particularly obnoxious to hear attacks on a patriotic citizen made on the floor of this House.

Walter Winchell is a lieutenant commander in the Naval Reserve. Right after Pearl Harbor he communicated with the Navy Department and asked to be assigned to active naval work. Winchell welcomed a chance to be of service to his country and was very determined to do all he could to carry out his duties as a naval officer of the United States.

Winchell was not obliged to do so. Still, in this spirit of true patriotism, he wanted to work for his country where he knew he could be of service.

At a time when Lindbergh and others of his ilk were pursuing their isolationist tactics and doing all in their power to discredit the administration, Winchell spoke on the radio night after night denouncing these un-Americans who were seeking to make us fair prey for Hitler, Mussolini, and Hirohito. To be sure, the isolationists did not like it a bit when Winchell told the American people plainly what they have since learned to their sorrow, that you cannot live in a world of rapacious countries without fighting back. It was Winchell who made us aware of our peril, and who did not hesitate to call things by their proper names. Now even Winchell's patriotism is being impugned by people who should know better.

The Navy Department told Winchell to stay on the job until called, and to keep broadcasting his message of Americanism, which did so much good for the country in the years of our confusion. But it seems that these same elements which objected to Winchell's broadcasting against the evils of isolationists are now seeking to destroy Winchell by charging him with not doing enough for his country. Winchell, who gets no pay from the Navy; Winchell, who has been in the forefront of every patriotic movement in this country, is criticized for continuing his broadcasts, while awaiting call for active naval service. I suppose these people would be happy if Winchell were ousted forever, and permanently off the air. Such will not be allowed. I believe that Winchell's broadcasts and his message to the American people are a strong tonic to the Nation's morale and that his continuance on the air till other duties make it impossible is in the best interests of the American people.

When in 1933 the Hitler menace began to show its head, and most Americans were living in a dream world of their own, not realizing that Hitler was endangering the safety of the United States by trying to involve us in a war, Winchell saw what was coming and told the American people about it. In 1934, when I succeeded in organizing a congressional committee to investigate un-American activities, brought about by Hitler propaganda, Winchell supported the work of the McCormack committee with all means at his disposal. When the voice of America was to be heard in defense of our privileges and liberties, Winchell was on the spot and his message was heard by millions of our people.

I can tell you of an instance where Winchell's life was threatened by the very Fritz Kuhn who is now serving in a State penitentiary, and by some of his henchmen who tried to do away with Winchell and other Americans who were opposing them. While some isolationists were walking around the country making speeches and helping the Axis countries in their own way, Winchell was battling every day against the subversive movements in this country. By publicizing certain facts, Winchell was responsible for many of the exposures that were made. I therefore say it is mighty unfair for anyone, whether a Member of Congress or any other person, to accuse Winchell of shirking his duty. I think—and apparently the Navy Department agrees with me—that Winchell can do more by staying on the air presently and getting his message to the American people, as he has in the past.

Mr. PATRICK. Mr. Speaker, will the gentleman yield?

Mr. DICKSTEIN. I yield.

Mr. PATRICK. I have heard men on the floor here criticize the swivel chair admiral and in the light, Mr. Speaker, of the attacks made on Winchell from this floor, I say that that is nothing in the world except another demonstration of the swivel-chair admiral business. I doubt, with the possible exception of the Chief Executive himself, there is an avenue in the United States that will disseminate more proper and necessary information for Uncle Sam to his folks over the country than Walter Winchell. He is listened to and he is listened to effectively all over the Nation, and the results of his broadcasts and the results of what he has done for the Navy boys is enough to make it as helpful as, perhaps, any agency in the country. I doubt if there is an agency that delivers a message from Uncle Sam to the boys and the people of this Nation greater than Walter Winchell, say what they please about him.

Mr. DICKSTEIN. Mr. Speaker, I just thought I would convey this message to the American people, showing what Winchell has actually been encountering in the last 4 or 5 years he has cooperated with various American groups in exposing un-American activities. He has tried to find out who was behind the un-American groups, and he was not afraid to name the people once he found out. Of course he made enemies. They hated him and they threatened to kill him be-

cause he was exposing the Fritz Kuhns and the Gissibles every single day in the week. He knew that in exposing certain influential people he was making powerful enemies and in many cases he knew it was dangerous, but he considered it his patriotic duty and so he carried on with his work.

Mr. PATRICK. Mr. Speaker, will the gentleman yield?

Mr. DICKSTEIN. Yes.

Mr. PATRICK. I hope what I say will not be considered as a plug for any commodity when I say that I think we ought to acknowledge the patriotism of Winchell's sponsor in standing by him through the efforts that have been made to take him off the air.

Mr. DICKSTEIN. I am standing by him, as an American. I am standing by him because Winchell has stood by Uncle Sam and all the American people in all these years in seeking to expose un-American activities in this country. He has carried on his work even though it at times endangered his life. If any of you Members are interested, I can give you a record containing a statement by Fritz Kuhn and his emissaries in his own quarters stating openly that it was about time that Winchell was wiped out or taken off the air. Let me at this point insert an editorial which appeared in PM of March 3, 1942, entitled "On Gaggling Winchell":

[From PM of March 3, 1942]

#### ON GAGGING WINCHELL

The attempt in Congress to silence Walter Winchell follows the Fascist line—gag, muzzle, destroy all opposition.

In Italy, Mussolini did it with castor oil. In Germany, Hitler did it with the headman, the concentration camp, and worse. The assault on Winchell is simply a refinement, since it occurs in a nation where free speech still is part of our national right.

It is no strain on credulity to believe that many of the obstructionists and appeasers in Congress really echo the nightly prayer attributed to Cissie Patterson, quoted in an adjoining column. It is no strain on credulity to believe that these same obstructionists and appeasers will go to any length to silence a man who has been fearless in exposing them.

There still is time to prove that we don't have to take this dose of congressional castor oil. The Commander in Chief of the Navy can give Walter Winchell the assignment that Walter Winchell can do best—raising his voice against fascism and against the men in Congress who are helping the United States of America to lose the war.

DON HOLLENBECK.

The reaction of the public to the accusations hurled at Winchell clearly show that they consider them to be unjust, unfair, and biased. The public knows, and I have every reason to believe, that if Winchell were assigned to duty tomorrow he would account for it properly, and he would fight and would be happy to fight for his beloved country. Winchell was fighting the Fascists long before the people who criticize him now realized the danger that was threatening our country. He has done everything that any American could have done to get rid of this menace that sought to undermine our country. Yes; I have the proof of it, and I say to you that I am sorry that I was not here when certain remarks



were made about him, because I believe, and you would believe it, too, if I presented to you the recorded records, that the Nazis and the Fascists hate his "guts." He has done a great job. He has given information, and valuable information, not only to me but also to the Department of Justice. He has rendered more services as an individual than many other people in public life, and I hope to point out to you in the brief time I have taken that Winchell is to be commended for his stand. In my opinion, he has done a good job for his country, and he will do a good job wherever he is. Do not let us try to stifle him or take him off the air, and do not let us try to interfere with the freedom of speech that he or any other person has a right to exercise. And do not forget that Winchell is a true-hearted and a true-blooded American. To show what other well-known columnists think of the Winchell controversy, I am inserting Damon Runyon's column from the New York Daily Mirror, March 6, 1942.

[From the New York Daily Mirror of March 6, 1942]

#### DAMON RUNYON'S THE BRIGHTER SIDE

We see where our volatile pal, Walter Winchell, has gone bustling off to Washington to request assignment to active duty in the Navy just because some Congressmen let out a squawk that he either be so assigned or disenrolled.

As this is a little matter with which some of our readers may not be familiar, we will explain that the celebrated columnist, a Navy veteran of the last World War and a member of the Naval Reserve since 1934, requested and was granted what they call volunteer active duty without pay last December and was given the rank of lieutenant commander.

He has devoted himself heart and soul to raising money for the Navy relief fund, which is accounted by the Navy itself an extremely important movement. He was directly responsible for raising a large sum through a prize fight and has been laboring stoutly in the interests of a huge show that will be put on at Madison Square Garden on March 10 for the Navy relief.

He has continued his famous column right along and also his weekly broadcasts, the former work being quite within Navy regulations and the latter deemed of tremendous value by the Navy because Winchell generally manages to work in a little propaganda for the anchors-weigh lads and is credited with greatly stimulating enlistments. Incidentally, he has donated part of his radio stipend to the relief cause.

Now then, as you perhaps well know, Winchell has always spoken his mind about all public figures, including Congressmen, with special reference to the latter, and some of his comments must have worked in under the hides of our statesmen already tenderized by the barbs of public opinion on the pensions and recently some of them began taking picks on him about his Navy status, culminating in the demand mentioned.

In view of the obvious animus behind the demand, most persons in Winchell's position would have paid no attention to it and gone on about the work that is so generally applauded by the public and the beneficiaries, but Walter is an impassioned fellow about all things and he felt that his patriotism and bravery had been impugned, which, of course, is arrant nonsense in view of his record. So off he goes buckitty-buckitty to Washington to bare his bosom, so to speak, for his country.

Well, we do not know just exactly what Walter considers active duty, but if he is

thinking in terms of service aboard a ship of the line in the battle area, we fear that at his age and with his lack of practical schooling in that department, he would only be in the way. The Navy would not gain in fighting strength, and, in the meantime, the Navy relief fund would be suffering from the loss of one of its greatest assets.

The sacrifice of Winchell's life might satisfy his pride and gratify some of his enemies, but it would scarcely make up for the gap it would leave in his present field of patriotic endeavor. The Navy does not want influential middle-aged gentlemen at its battle stations, but it does want them behind the lines, especially those who, like Winchell, are willing to work night and day in practical effort for the Navy.

And if it sees fit to reward these persons with uniforms and titles, we think it is small enough compensation for their labors. And if they take conspicuous pride in their reward, they are entitled to it. This is just another of those instances of straining at trifles that have won for some Congressmen the ridicule of their fellow citizens.

If Winchell could be of real service on a war vessel, that is where he should be, and that is where the critical Congressmen should be, too, under similar conditions. But since his service is more valuable in the field in which he is now engaged, that is where Winchell should remain and the Navy should request the Congressmen who have been asking for his assignment or disenrollment to go out and see if they can render similar value to the sailors.

Walter is all right. Only he should learn not to take Congressmen too seriously.

Mr. PATRICK. Can the gentleman state how much his effort yielded in aid to the Navy?

Mr. DICKSTEIN. Oh, many thousands of dollars in benefits, for which he received no compensation.

Mr. PATRICK. And he would not even take his expenses.

Mr. DICKSTEIN. Not even his expenses. For years he has done everything in his power for his country—helping his fellow citizens and exposing the rats we have had in this country who were seeking to destroy it. I want to take this opportunity to congratulate Mr. Winchell on his fine work and to express the hope that he will continue in the spirit of sturdy Americanism and stanch patriotism as long as his health and strength will allow it.

I yield back the remainder of my time.

The SPEAKER. Under previous order of the House, the gentleman from Alabama [Mr. PATRICK] is recognized for 15 minutes.

#### FREE SPEECH

Mr. PATRICK. Mr. Speaker, I have had this time several times for the last 2 or 3 weeks. It has always been so late that I would take it over to another day. I appreciate the courtesy of those who are staying here for a little while and I shall try to close in less than 15 minutes. The thing I wish to discuss this afternoon is a subject that is a little bit touchy, too, because one of the things we take pride in in this country is the fact that we are always a people of free speech; assuring ourselves that our law-making bodies shall always be bodies open to honest debate and sincere discussion of what the Nation has before it.

However, there creeps in, perhaps unconsciously in many instances, perhaps through the habit of years of following

precedent naturally pursued in a democratic nation such as ours, and that is to rise on the floor and say things, sometimes so apparently unpremeditated in war times, that it reflects over the Nation and rebounds in a way that is not entirely wholesome.

I am sure you get letters from your district, as we all do, asking about certain things that have been said on the floor. Often those things are asked as a Congressman asked the other day on this floor, a Member whose name I shall not mention, because I have no intention to do anybody any harm, but he asked why Congress did not do something to get immediate relief to MacArthur. Well, of course, the Nation is interested in its cause and in its battles and in its generals, and certainly in General MacArthur. That was such an unfortunate remark to be made on the floor. Anybody who studies, anybody who has enough knowledge of national affairs to be in the Congress of the United States, knows what confronts this Nation and in some measure the difficulties and obstacles of our far-flung eastern battle-front. So to hear Members get up on the floor and inexcusably cultivate doubt in the hearts of those in this Nation on whom we are calling for unity is tragically dangerous—we are calling upon the people of this Nation to contribute every dime they can for bonds, to sacrifice all they can in sugar and rubber and many other things and we have not yet well begun—and when statements like that are made on the floor of the Congress it creates mistrust in the minds of people back over the country. When that doubt is in the minds of the people, are they going to buy bonds? Are they going to begin to do the things that we need done at the present time when they are called upon to contribute everything?

There are other statements that have been made. That was one in passing. When a man is in doubt about what to do, he does nothing. While he hesitates, he is not buying a bond. He is not contributing the best that is in him to get ready, to gird up, to go into the battle that is before us, the war that is in front of us.

We are arrayed today against three major nations, against three nations that have aligned themselves together to seize the good things of this earth from those who have them, and who align themselves together to create a new world order by which they hope to prey on democratic properties in the future. When there is hesitation here, that means a longer day of battle. That means more boys killed. That day of doubt is a day of delay—delay, delay, delay, and dangerous delay. One misguided statement of that kind made by those here at the head of this Government, in the chief lawmaking body of this Nation, causes people to wonder. Such statement ought not to be allowed to go out and do the harm that is bound to follow in its wake. Such statements are made by whom? I have checked up.

I certainly want to do no one any harm. We all want to have unity. All are in the same boat. We all want to go down

the road together now. We are to go down the road together to success or whatever comes.

I hope nobody will misunderstand the motive as to what I am saying now, but I remember in 1938 when a little group of us on the floor asked for 30,000 airplanes, advocated it, and were delighted when we got 15,000. I remember when the attempt was made to increase the fleet, and even after we got it going, even after it looked as though we were going to get a little more to fight with, if and when war came, an amendment was brought on the floor by some of these very gentlemen, to knock out a battleship, even after it had gone part of the way through.

Then you remember the battle we had to repeal the embargo part of the neutrality law, and how we had to struggle to arm the merchant vessels. I have been voting ever since I came to Washington to fortify Guam and our outposts. You remember when our industries were not even allowed to take orders from nations that were fighting to save democracy and to keep the battlefront as far from us as possible. We were in effect then German and Italian allies, yet whenever we tried to pass through that door to do our duty as a nation, these gentlemen were fighting us and holding back. The lease-lend laws were fought as bitterly as anything has been fought since I have been here.

Then, when it came to drafting more soldiers—we had not only sunk our Navy in this country, we had practically sunk our Army—and when the draft bill came out it was fought as bitterly as anything else had been. And then the extension of the draft, if I remember correctly, passed the House by only one vote. It is not correct to say that all those gentlemen who were referred to this morning as fighting for an economy program were against preparedness. The gentleman from Pennsylvania [Mr. FADDIS] has been talking for preparedness all the time, and there are others in his category. I certainly want to be careful not to include that group of lawmakers in this list. We are indebted to them, as a matter of fact, but we all share this responsibility. It was our duty then to convince our brethren, those of us who were trying to wage this battle alone, to our way of thinking. We were called warmongers, but we ought to have been more fearless, more industrious, and more outspoken, because we could see the tragic shadows that did lie ahead of us, we could see the war clouds gathering. Somehow they could not. We did read the signs across the sky and study the approach that the have-not nations were making to get a throat hold on the have nations and take away from them the things that Mother Nature and Divine Providence decreed should be under their feet and in their hands; and it was our duty to perform a greater service of education right here on the floor.

Mr. KEEFE. Mr. Speaker, will the gentleman yield at that point?

Mr. PATRICK. I gladly yield.

Mr. KEEFE. Did the gentleman have in mind during this period of time the possibility that we would inevitably go to war with Japan?

Mr. PATRICK. No; I did not, as it came about. It came in hind part foremost. I expected it to come from Germany and Italy first, and then Japan, but it came in the other way.

Mr. KEEFE. The gentleman did anticipate as a result of his study, as I interpret his remarks, that this Nation might go to war with Japan.

Mr. PATRICK. That is right.

Mr. KEEFE. Because the gentleman said he was arguing constantly for the fortification of the island of Guam. That is right, is it not?

Mr. PATRICK. Certainly, that is right.

Mr. KEEFE. May I ask the gentleman whether or not he did anything during that period of time to attempt to stop the shipment of high-octane aviation gasoline and scrap iron to Japan during all of this period?

Mr. PATRICK. Fortunately, I am one of those who did and who got on the floor and stated that we were sowing the wind—I remember the little figure I used. I cited Aesop's fable of the eagle that saw its own feathers on the shaft that contributed to its wounds. That was the metaphor I used right here in the *Well* a few years ago.

Mr. KEEFE. But as a matter of fact we continued to ship scrap iron and gasoline right up until almost the very last, did we not?

Mr. PATRICK. I do not know when the shipments stopped, but I know it was at least 5 years too late.

Mr. KEEFE. I agree with the gentleman.

Mr. PATRICK. But I did not vote against the draft, I did not vote against the lease-lend bill, and I did not vote against fortifying Guam.

Mr. KEEFE. May I ask the gentleman if there ever was a bill before this Congress to fortify the island of Guam? Does the gentleman recall any such proposal ever being before this Congress?

Mr. PATRICK. It was always part of another bill.

Mr. KEEFE. Does the gentleman recall that the only proposal that was before Congress was an item of \$5,000,000 to dredge the harbor of Guam; and when the specific question was asked of the chairman of the House Naval Affairs Committee, the gentleman from Georgia [Mr. VINSON], by the distinguished gentleman from Florida [Mr. HENDRICKS]—

Mr. PATRICK. I will give the gentleman some time if he wants to make a speech.

Mr. KEEFE. I want to correct the gentleman.

Mr. PATRICK. That is true.

Mr. KEEFE. There was never any proposal before this House to fortify the island of Guam. So the gentleman in his statement I think in all fairness—

Mr. PATRICK. What is the gentleman arguing about? Did the gentleman vote against that, too? How did the gentleman vote on that?

Mr. KEEFE. In all fairness—

Mr. PATRICK. I want to ask the gentleman a question. He has asked me several questions. How did the gentleman vote on lease-lend?

Mr. KEEFE. Just answer my question.

Mr. PATRICK. I have answered the gentleman's question; but the statement the gentleman makes is, to the best of my recollection, true.

Mr. KEEFE. That is true, is it not?

Mr. PATRICK. Yes.

Mr. KEEFE. Then when the gentleman states that there was a proposal before the Congress to fortify the island of Guam the gentleman is not stating the facts, is he?

Mr. PATRICK. It is the best that could be done about the fortification of Guam. I voted for the best we had to fortify Guam, to dredge the harbor in preparation for its fortification, and the gentleman voted against that. I believe if the gentleman would be quiet he would be doing himself a better service.

Mr. KEEFE. As far as the gentleman is concerned, he has no apology to make. His votes on these various questions are well known to the people who the gentleman has the honor to represent, and I am not apologizing for my vote on any single bill. I want the gentleman to understand that.

Mr. PATRICK. I thank the gentleman, but there is somebody in the Congress except the gentleman and myself. The gentleman has been a very active, forceful Member of this Congress, but I sometimes think he is a little bit timid about recognizing our country's preparedness needs, and that one man is only one man, even him.

Mr. KEEFE. Will the gentleman yield further?

Mr. PATRICK. I do not yield any further because the gentleman has taken up and wasted 5 minutes of my time on the Guam matter, which he considered so lightly he did not support it when he had an opportunity to vote for it, so I do not yield further.

Of course, I realize this is a sore spot with these gentlemen. They fought all preparation, and now they do not apologize. We do not want them to apologize. But we do want them to recognize our needs now and go along with us to unite, invite confidence, avoid foolish remarks, and help us win this war as quickly and as thoroughly as it can be won, and must be won.

[Here the gavel fell.]

#### SPECIAL ORDER

The SPEAKER. Under a previous special order of the House, the gentleman from Massachusetts [Mr. ELIOT] is recognized for 10 minutes.

Mr. ELIOT of Massachusetts. Mr. Speaker, I suppose we will all agree that among the worst forms of un-Americanism is the attack on religion, and the stirring up of hatred and prejudice against religious groups. It is un-American and it is dangerous—dangerous now because the anti-Catholic organization, or the anti-Semitic organization, is very, very likely to be playing Hitler's game.

I have been reading the record of the Dies committee. I have read it not in a spirit of suspicion but of curiosity. I want to be fair. I want to see what this committee has really accomplished.

In the course of this study, I came upon the case of a man who interested me because he certainly sounded un-American. It was in August 1939 that the Dies com-



mittee subpoenaed correspondence of one Edward James Smythe—and also subpoenaed Mr. Smythe, who did not respond.

Mr. Smythe was, according to the gentleman from Texas [Mr. DIES], "just a racketeer, operating an anti-Catholic organization, in close contact with other people who specialize in anti-Jewish organizations."

Smythe's correspondence was largely with known or suspected Fascists—the Silver Shirts, the German Legion, Inc., George Deatherage, and the like. The gentleman from California [Mr. VOORHIS], brought out in the committee hearings that the correspondence in the hands of the Dies committee was correspondence between Smythe and people "interested in what he was doing." The Dies committee's counsel, Mr. Whitley, described these people and organizations as "actively participating. I did not include many individuals or groups," he said, "whose actions or motives were not obvious from the correspondence."

So here we have a known anti-Catholic agitator subpoenaed, and disregarding the subpoena. Here was his correspondence with subversive pro-Nazi groups and individuals. And what did the Dies committee do about it?

The chairman of the committee said that perhaps the correspondence should not be published immediately, as it might implicate innocent people who had been duped. Then he said:

Anyway, it is a question, I think, that the committee had better determine in executive session. We can make this correspondence public at a later date.

Mr. Speaker, 2 years and 6 months have passed. That file of correspondence has never been made public. Here and there, I understand, in the published documents of the committee Smythe is mentioned, but his own activities were never exposed and denounced by the committee.

And during those two and a half years this man Smythe continued his vicious work. Only a month after he disregarded the Dies committee subpoena he was writing a letter attacking the Roman Catholic Church. That letter, a photostatic copy of which I hold in my hand, is dated September 22, 1939, and is written on the stationery of the Protestant War Veterans of the United States, of which Smythe called himself national commander.

And 2 years after the Smythe correspondence had disappeared in the Dies committee files, to await publication at a later date we find Smythe writing that "this Nation belongs to the Protestants," and that "Romanism" must be destroyed. It is an utterly foul, bigoted paper and I hate even to touch it. It is dated—Heaven help us—the Fourth of July, 1941. This unregenerate bigot, whose papers were seized by the Dies committee in 1939—Why did the committee never take further action?

This man Smythe has run true to form. I hold here, and show the House, a handbill announcing Smythe as the speaker at a mass meeting here in Washington, under the auspices of the Women of the Ku Klux Klan. That was June 3, 1939. Why, in August 1939, did the Dies

committee bury the story of this klansman and keep it buried for the last two and a half years?

I hold here now a photograph of a letter from Smythe, dated August 24, 1938. It is also written on that Protestant War Veterans' stationery. In it Smythe demands Government supervision over the affairs of the Catholic Church.

I am not going to insert these letters into the CONGRESSIONAL RECORD because I do not want to sully the RECORD. What I have read aloud is bad enough; what I have left unmentioned is simply nauseous. You might think this man was mad. Perhaps so. But it is a dangerous madness, for he was speaking and writing voluminously, spreading his unholy doctrine, while the Dies committee knew about it and nevertheless did nothing to stop him.

So as I continue my study of the record of the Dies committee I find myself wondering why the committee decided to publish "at a later date" the file of correspondence which would have fully exposed this un-American, subversive, religious bigot. I am wondering why that later date never arrived.

Mr. MARCANTONIO. Mr. Speaker, will the gentleman yield?

Mr. ELIOT of Massachusetts. I yield to the gentleman from New York.

Mr. MARCANTONIO. In connection with the Fascists who have been left uninvestigated and unmentioned, may I state that on August 4, 1938, the Dies committee subpoenaed George Sylvester Viereck, who was planning to sail for Germany that night on the Hamburg-American Line steamer *Hansa*. The Hamburg-American Line was known to be one of the chief links between Nazi Germany propaganda and the United States. Viereck stated that he was going to Germany to visit the ex-Kaiser.

Accordingly, Viereck told the press that he was leaving for Europe that night but would gladly appear before the Dies committee immediately following his return.

On the same day, according to the New York Times, Congressman DIES issued a statement saying that he had been reliably informed that Viereck was not in fact going to visit the ex-Kaiser, but was going to visit Hitler at Berchtesgaden. Viereck replied to this by saying that he wished he were so fortunate as to be going to visit Hitler, but that it was not the case.

The records of the committee show no sign that Viereck was ever called back or that the subpoena was ever enforced, and to this day Viereck has not been examined.

Mr. ELIOT of Massachusetts. I am wondering, too, why Smythe's disobedience to the subpoena was not followed by any further action by the committee. In the same way, George Sylvester Viereck was subpoenaed in August 1939 and disregarded the order.

Mention of Viereck, in connection with Smythe, leads me to mention Smythe's pro-Nazi activities. He is not only trying to destroy the Catholic Church. He is trying to destroy the American form of Government. In this July 4th article he wrote in 1941, he said:

Will we ask support of Hitler? Yes!

And I hold here a photograph of a letter this man wrote to Berlin on July 28, 1939, beginning:

Many thanks for the books on Hitler and the New Germany; they are already out in circulation. I gave them away at meetings I was addressing.

It saddens me to think that the Special Committee to Investigate Un-American Activities never saw fit to expose this active religious bigot, this anti-Catholic, this pro-Nazi! I am the son of a Protestant minister. I am one of a large family; my eldest brother is married to a Catholic and their daughter attends parochial school. I believe that one prime reason why our country has grown great is because the people have been taught to worship God. I remember that the Pilgrims came to the New World seeking "freedom to worship God." I am thankful that a Catholic Church and a Protestant Church and a Jewish Synagogue can exist all in the same town. I do not want to see any of them ever closed.

Mr. Speaker, the foe of religious freedom in America is virulently un-American. The Dies committee had the goods on this anti-Catholic, pro-Nazi agitator 2½ years ago—and never exposed him. He kept right on with his foul work. I am not today charging the Dies committee with aiding and abetting him—but I do think the House has a right to ask why they never exposed him.

#### ANNOUNCEMENT

Mr. MARCANTONIO. Mr. Speaker, I ask unanimous consent to address the House for one-half minute.

The SPEAKER. Is there objection to the request of the gentleman from New York?

There was no objection.

Mr. MARCANTONIO. Mr. Speaker, I was unavoidably detained when the vote was taken on the authorization to increase the debt limit. If I had been present, I would have voted in the affirmative.

#### EXTENSION OF REMARKS

Mr. MARCANTONIO. Mr. Speaker, I ask unanimous consent to extend my own remarks in the RECORD and include therein several letters.

The SPEAKER. Is there objection to the request of the gentleman from New York?

There was no objection.

#### LEAVE OF ABSENCE

By unanimous consent, leave of absence was granted as follows:

To Mr. CANNON of Florida, indefinitely, on account of illness.

To Mr. BENDER (at the request of Mr. MARTIN of Massachusetts), indefinitely, on account of official business.

To Mrs. BOLTON (at the request of Mr. MCGREGOR), indefinitely, on account of illness.

#### SENATE BILL REFERRED

A bill of the Senate of the following title was taken from the Speaker's table and, under the rule, referred as follows:

S. 1773. An act to enable the United States Commission for the Celebration of the Two-hundredth Anniversary of the Birth of Thomas Jefferson to carry out and give effect to certain approved plans; to the Committee on the Library.

## ENROLLED BILL SIGNED

Mr. KIRWAN, from the Committee on Enrolled Bills, reported that that committee had examined and found truly enrolled a bill of the House of the following title, which was thereupon signed by the Speaker:

H. R. 3798. An act to amend the act of August 5, 1939, entitled "An act to provide for the disposition of certain records of the United States Government."

## ADJOURNMENT

Mr. SNYDER. Mr. Speaker, I move that the House do now adjourn.

The motion was agreed to; accordingly (at 6 o'clock and 8 minutes p. m.), under its previous order, the House adjourned until tomorrow, Wednesday, March 11, 1942, at 11 o'clock a. m.

## COMMITTEE HEARINGS

## COMMITTEE ON IRRIGATION AND RECLAMATION

The Committee on Irrigation and Reclamation will meet Wednesday, March 11, at 10:30 a. m., in room 353, House Office Building, to resume hearings on the bill H. R. 6522.

## COMMITTEE ON IMMIGRATION AND NATURALIZATION

The Committee on Immigration and Naturalization will hold a hearing at 10 a. m. on Wednesday, March 11, 1942, on H. R. 6633, H. R. 6717, H. R. 6718.

## COMMITTEE ON THE JUDICIARY

On Wednesday, March 11, 1942, at 10 a. m., subcommittee No. 3 of the Committee on the Judiciary will continue hearings on H. R. 6444, to provide for the registration of labor organizations, business, and trade associations, and so forth. The hearing will be held in the Judiciary Committee room, 346 House Office Building, Washington, D. C.

## COMMITTEE ON PUBLIC BUILDINGS AND GROUNDS

There will be a meeting of the Committee on Public Buildings and Grounds on Wednesday, March 11, 1942, at 10 a. m. for consideration of H. R. 6483. The hearing will be held in the caucus room, Old House Office Building.

## EXECUTIVE COMMUNICATIONS, ETC.

Under clause 2 of rule XXIV, executive communications were taken from the Speaker's table and referred as follows:

1473. A communication from the President of the United States, transmitting a supplemental estimate of appropriation for the fiscal year ending June 30, 1942, for the War Department for the improvement of existing river and harbor works, to remain available until expended, amounting to \$9,300,000 (H. Doc. No. 658); to the Committee on Appropriations and ordered to be printed.

1474. A letter from the Secretary of the Navy, transmitting a draft of a proposed bill to provide that certain provisions of law relating to the Navy shall be held applicable to the personnel of the Coast Guard when that service is operating as a part of the Navy; to the Committee on Naval Affairs.

1475. A letter from the Secretary of War, transmitting a letter from the Chief of Engineers, United States Army, dated October 15, 1941, submitting a report, together with accompanying papers and an illustration, on review of reports on, and a preliminary examination and survey of, Lavaca and Navidad Rivers, Tex., in the interest of navigation and

flood control, requested by a resolution of the Committee on Rivers and Harbors, House of Representatives, adopted on August 1, 1940, and also authorized by the River and Harbor Act approved on August 26, 1937, and the Flood Control Act approved on June 28, 1938; to the Committee on Rivers and Harbors.

## REPORTS OF COMMITTEES ON PUBLIC BILLS AND RESOLUTIONS

Under clause 2 of rule XIII, reports of committees were delivered to the Clerk for printing and reference to the proper calendar, as follows:

Mr. ELLIOTT of California: Joint Committee on the Disposition of Executive Papers. House Report No. 1831. Report on the disposition of records by the Navy Department and the Government Printing Office. Ordered to be printed.

Mr. ELLIOTT of California: Joint Committee on the Disposition of Executive Papers. House Report No. 1832. Report on the disposition of records by the War Department and the Navy Department. Ordered to be printed.

Mr. ELLIOTT of California: Joint Committee on the Disposition of Executive Papers. House Report No. 1833. Report on the disposition of records by the War Department. Ordered to be printed.

Mr. SABATH: Committee on Rules. House Resolution 420. Resolution for the continuation of the Special Committee to Investigate Un-American Activities; without amendment (Rept. No. 1884). Referred to the House Calendar.

Mr. SABATH: Committee on Rules. House Resolution 447. Resolution for consideration of S. 2249, a bill authorizing appropriations for the United States Navy, additional ordnance manufacturing and production facilities, and for other purposes; without amendment (Rept. No. 1885). Referred to the House Calendar.

Mr. ROMJUE: Committee of conference on the disagreeing votes of the two Houses. H. R. 1057. A bill to establish a system of longevity for postal employees (Rept. No. 1886). Ordered to be printed.

Mr. DOUGHTON: Committee on Ways and Means. H. R. 6750. A bill to promote the prosecution of war by exempting from State, Territorial, and local taxes the sale, purchase, storage, use, or consumption of tangible personal property and services for use in performing defense contracts, and for other purposes; without amendment (Rept. No. 1887). Referred to the Committee of the Whole House on the state of the Union.

## PUBLIC BILLS AND RESOLUTIONS

Under clause 3 of rule XXII, public bills and resolutions were introduced and severally referred as follows:

By Mr. COSTELLO:

H. R. 6758. A bill to provide a penalty for violation of restrictions or orders with respect to persons entering, remaining in, or leaving military areas or zones; to the Committee on Military Affairs.

By Mr. ROMJUE:

H. R. 6759. A bill to amend the act entitled "An act to fix the hours of duty of postal employees, and for other purposes," approved August 14, 1935, as amended, so as to permit payment for overtime for Saturday service in lieu of compensatory time; to the Committee on the Post Office and Post Roads.

By Mr. PATMAN:

H. R. 6760. A bill for the relief of dealers in certain articles or commodities rationed under authority of the United States; to the Committee on the Judiciary.

H. R. 6761. A bill for the relief of dealers in certain articles or commodities rationed under authority of the United States; to the Committee on Banking and Currency.

By Mr. RANDOLPH:

H. R. 6762. A bill to amend an act entitled "An act to regulate the hours of employment and safeguard the health of females employed in the District of Columbia," approved February 24, 1914; to the Committee on the District of Columbia.

By Mr. ELIOT of Massachusetts:

H. R. 6763. A bill permitting the naturalization of certain persons not citizens whose sons or daughters have served with the land or naval forces of the United States; to the Committee on Immigration and Naturalization.

By Mr. SATTERFIELD:

H. J. Res. 290. Joint resolution to prohibit the use of money for the acquisition, construction, and equipment of any building for the Office of Government Reports without congressional authorization; to the Committee on Public Buildings and Grounds.

## PRIVATE BILLS AND RESOLUTIONS

Under clause 1 of rule XXII,

Mr. PETERSON of Florida introduced a bill (H. R. 6764) for the relief of Fred A. Flanders, which was referred to the Committee on Claims.

## PETITIONS, ETC.

Under clause 1 of rule XXII, petitions and papers were laid on the Clerk's desk and referred as follows:

2543. By Mr. KRAMER: Petition of the Los Angeles County Board of Supervisors, Los Angeles, Calif., expressing their opposition to the proposed legislation (H. R. 6617) by Mr. COCHRAN, of Missouri, as it would upset the whole tax structure of local governments throughout the United States and would be especially detrimental to the tax structure in the county of Los Angeles where there is a great backlog of defense contracts; to the Committee on Ways and Means.

2544. Also, petition of the Journeymen Barbers Union, Local 295, Los Angeles, Calif., expressing their opposition to the reported move to wipe out the Farm Security Administration, believing it would be fatal to the low-income families; to the Committee on Agriculture.

2545. Also, petition of the Women's International League for Peace and Freedom, Los Angeles, Calif., expressing their earnest hope that the appropriations for the Farm Security Administration will be retained in the present appropriation bill; to the Committee on Agriculture.

2546. Also, petition of the Los Angeles Newsboys, Local Industrial Union, No. 75, Los Angeles, Calif., expressing their disapproval of the proposed move to eliminate the Farm Security Administration, feeling that it is necessary to the health and welfare of rural district children; to the Committee on Agriculture.

2547. By Mr. LYNCH: Resolution of the New York Federation of Post Office Clerks, opposing the extension of the 40-hour work-week; to the Committee on Labor.

2548. By Mr. MARTIN of Iowa: Petition of the Voiture Locale, No. 77, La Société des 40 Hommes et 8 Chevaux, of Davenport, Iowa, and sponsored by Legionnaires, representing every section of Iowa, urging that all aliens resident within the Territorial and continental areas of the United States be segregated and removed from such populace industrial and strategic and military areas within the United States, and that they then be detained in sparsely populated and non-industrial areas within the interior section of the continental United States, and that such detention be in adequate and properly guarded work camps of confinement; to the Committee on Immigration and Naturalization.



2549. By Mr. WELCH: Petition of the Board of Supervisors of the City and County of San Francisco, memorializing Congress to fix premium rates of war-risk insurance so that insured persons in all parts of the United States shall share equally the burden of such insurance; to the Committee on Banking and Currency.

## SENATE

WEDNESDAY, MARCH 11, 1942

(Legislative day of Thursday, March 5, 1942)

The Senate met at 12 o'clock noon, on the expiration of the recess.

The Rev. Clarence W. Cranford, pastor, Calvary Baptist Church, Washington, D. C., offered the following prayer:

Thou great God of the universe, whose laws are eternal and may not be broken with impunity, hear our prayer this day. Our Father, we pray that we may understand what Thou dost have in mind for us to do in the world and that Thou wilt help us to translate Thy will into action. For Jesus sake. Amen.

### THE JOURNAL

On request of Mr. BARKLEY, and by unanimous consent, the reading of the Journal of the proceedings of the calendar day Tuesday, March 10, 1942, was dispensed with, and the Journal was approved.

### MESSAGES FROM THE PRESIDENT— APPROVAL OF BILLS

Messages in writing from the President of the United States were communicated to the Senate by Mr. Miller, one of his secretaries, who also announced that the President had approved and signed the following acts:

On March 7, 1942:

S. 1782. An act to authorize the payment of a donation to and to provide for the travel at Government expense of persons discharged from the Army of the United States on account of fraudulent enlistment.

On March 9, 1942:

S. 1891. An act to amend an act to provide allowances for uniforms and equipment for certain officers of the Officers' Reserve Corps of the Army so as to provide allowances for uniforms and equipment for certain officers of the Army of the United States.

### MESSAGE FROM THE HOUSE

A message from the House of Representatives, by Mr. Swanson, one of its clerks, announced that the House had passed a bill (H. R. 6691) to increase the debt limit of the United States, to further amend the Second Liberty Bond Act, and for other purposes, in which it requested the concurrence of the Senate.

### CALL OF THE ROLL

Mr. HILL. I suggest the absence of a quorum.

The VICE PRESIDENT. The clerk will call the roll.

The Chief Clerk called the roll, and the following Senators answered to their names:

Aiken	Barbour	Brewster
Austin	Barkley	Brown
Bailey	Bilbo	Bulow
Bankhead	Bone	Burton

Butler	Holman	Reed
Byrd	Hughes	Reynolds
Capper	Johnson, Calif.	Rosier
Caraway	Johnson, Colo.	Russell
Chandler	La Follette	Schwartz
Chavez	Langer	Shipstead
Clark, Idaho	Lee	Smathers
Clark, Mo.	Lucas	Smith
Connally	McFarland	Spencer
Danaher	McKellar	Stewart
Davis	McNary	Taft
Doxey	Maloney	Thomas, Idaho
Ellender	Maybank	Thomas, Okla.
George	Mead	Thomas, Utah
Gerry	Millikin	Tobey
Gillette	Murdock	Tunnell
Glass	Murray	Tydings
Green	Nye	Vandenberg
Guffey	O'Daniel	Van Nuys
Gurney	O'Mahoney	Wheeler
Hayden	Overton	White
Herring	Pepper	Willey
Hill	Radcliffe	Willis

Mr. McNARY. I announce that the Senator from Nebraska [Mr. NORRIS] is absent because of illness.

Mr. AUSTIN. The Senator from Minnesota [Mr. BALL] is a member of the Senate committee holding hearings in the West on matters pertaining to the national defense, and is therefore unable to be present.

The Senator from New Hampshire [Mr. BRIDGES] is absent as a result of an injury and illness.

The Senator from Illinois [Mr. BROOKS] and the Senator from Massachusetts [Mr. LODGE] are necessarily absent.

Mr. HILL. I announce that the Senator from New Mexico [Mr. HATCH] is absent from the Senate because of illness.

The Senator from California [Mr. DOWNEY], the Senator from West Virginia [Mr. KILGORE], the Senator from Missouri [Mr. TRUMAN], and the Senator from Washington [Mr. WALLGREN] are holding hearings in Western States on matters pertaining to national defense.

The Senator from Florida [Mr. ANDREWS], the Senator from Nevada [Mr. BUNKER], the Senator from New York [Mr. WAGNER], and the Senator from Massachusetts [Mr. WALSH] are necessarily absent.

The Senator from Nevada [Mr. McCARRAN] is holding hearings in the West on silver, and therefore is unable to be present.

The VICE PRESIDENT. Eighty-one Senators have answered to their names. A quorum is present.

### REPORT ON FIRST YEAR OF OPERATIONS UNDER THE LEND-LEASE ACT (H. DOC. NO. 661)

The VICE PRESIDENT laid before the Senate the following message from the President of the United States, which was read, and, with the accompanying report, referred to the Committee on Foreign Relations:

*To the Congress of the United States:*

I am transmitting herewith to the Congress a report on the first year of lend-lease operations.

One year ago, in passing the Lend-Lease Act, the American people dedicated their material resources to the defeat of the Axis. We knew then that to strengthen those who were fighting the Axis was to strengthen the United States. We recognized then the lesson that has

since been hammered home to us by Axis treachery and Axis arms—that the rulers of Germany and Japan would never stop until they were thrown from power or America was forced to her knees.

Now that we have had to dedicate our manpower as well as our material resources to the defeat of the Axis, the American people know the wisdom of the step they took 1 year ago today. Had not the nations fighting aggression been strengthened and sustained—their armed forces with weapons, their factories with materials, their people with food—our presently grave position might, indeed, be desperate. But for the continued resistance of these steadfast peoples, the full force of the enemy might now be battering at our own ports and gateways.

Lend-lease has given us experience with which to fight the aggressor. Lend-lease has expanded our productive capacity for the building of guns and tanks and planes and ships. The weapons we made and shipped have been tested in actual combat on a dozen battlefields, teaching lessons of untold value.

Lend-lease is now a prime mechanism through which the United Nations are pooling their entire resources. Under the Lend-Lease Act we send our arms and materials to the places where they can best be used in the battle against the Axis. Through reciprocal lend-lease provisions we receive arms and materials from the other United Nations when they can best be used by us.

The war can only be won by contact with the enemies and by attack upon them. That takes time, for the United Nations need more and still more equipment and transportation. Success will come dearly at the price of defeats and losses. The offensive that the United Nations must and will drive into the heart of the Axis will take the entire strength that we possess.

For that combined strength we can thank the decision we took a year ago today. With that combined strength, we go forward along the steep road to victory.

FRANKLIN D. ROOSEVELT.

THE WHITE HOUSE, March 11, 1942.

### ACQUISITION OF INDIAN LANDS—PARKER DAM PROJECT, ARIZONA-CALIFORNIA

The VICE PRESIDENT laid before the Senate a letter from the Secretary of the Interior, transmitting a draft of proposed legislation for the acquisition of Indian lands required in connection with the construction, operation, and maintenance of electric transmission lines and other works, Parker Dam power project, Arizona-California, which, with the accompanying paper, was referred to the Committee on Indian Affairs.

### PETITIONS AND MEMORIALS

Petitions, etc., were laid before the Senate, or presented, and referred as indicated:

By the VICE PRESIDENT:

A resolution adopted by the Board of Supervisors of Los Angeles County, Calif., favoring the enactment of legislation to provide compensation for injury to or the death of volunteer civilian defense workers occurring in the line of duty; to the Committee on the Judiciary.